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INTERNATIONAL

# Herald Tribune

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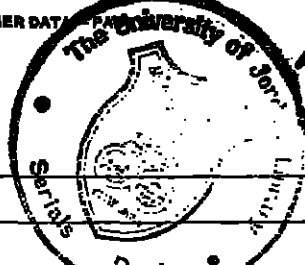
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PARIS, THURSDAY, MARCH 18, 1982

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THE WEATHER — PARIS: Thursday, cloudy with showers. Temp. 54 (34-61). LONDON: Thursday, cloudy with showers. Temp. 54 (34-61). CHAMPEL: Rain. Temp. 54 (34-61). FRANKFURT: Thursday, cloudy with showers. Temp. 54 (34-61). NEW YORK: Thursday, cloudy. Temp. 54 (34-61).

ADDITIONAL WEATHER DATA



Algeria	500 Dn	15 2200	Norway	500 Nkr
Austria	17 S	1000 Lira	Portugal	45 Esc
Bahamas	200 Dn	400 Lira	Spain	600 Ptas
Belgium	23 Bfr	1000 Lira	Switzerland	500 Sfr
Canada	1.10	1000 Lira	Taiwan	100 Nts
Ceylon	400 Dn	1000 Lira	Thailand	50 Bts
Denmark	400 Dn	1000 Lira	Turkey	100 Liras
Egypt	400 Dn	1000 Lira	U.S.A.	1.00
Finland	400 Dn	1000 Lira	West Germany	1.00
France	400 Dn	1000 Lira	Yugoslavia	100 Dn
Germany	400 Dn	1000 Lira		
Greece	400 Dn	1000 Lira		
India	400 Dn	1000 Lira		



A Salvadoran guerrilla leader, Cayetano Carpio, talks with PLO fighters outside Beaufort Castle in southern Lebanon.

## Guerrillas Report Raid On City in El Salvador

**United Press International**  
SAN SALVADOR — Guerrillas took over a neighborhood before dawn Wednesday in the eastern edge of San Miguel, a provincial capital 83 miles (133 kilometers) east of here, the clandestine rebel radio station Venceremos said.

The radio said rebels set up barricades, gave lectures and burned a construction company's building and at least one of its trucks. The rebels held the positions until about 10 a.m., the radio said.

Meanwhile, the Christian Democratic Party voted in San Salva-

## Salvadoran Leader Says Election Will Help Tame Military

**By Jim Hoagland**  
*Washington Post Staff Writer*  
SAN SALVADOR — President José Napoleón Duarte has said he expects to emerge from the March 28 elections with new power to control El Salvador's extreme rightists and his government's security forces, which he conceded had established a system of "authority by terror."

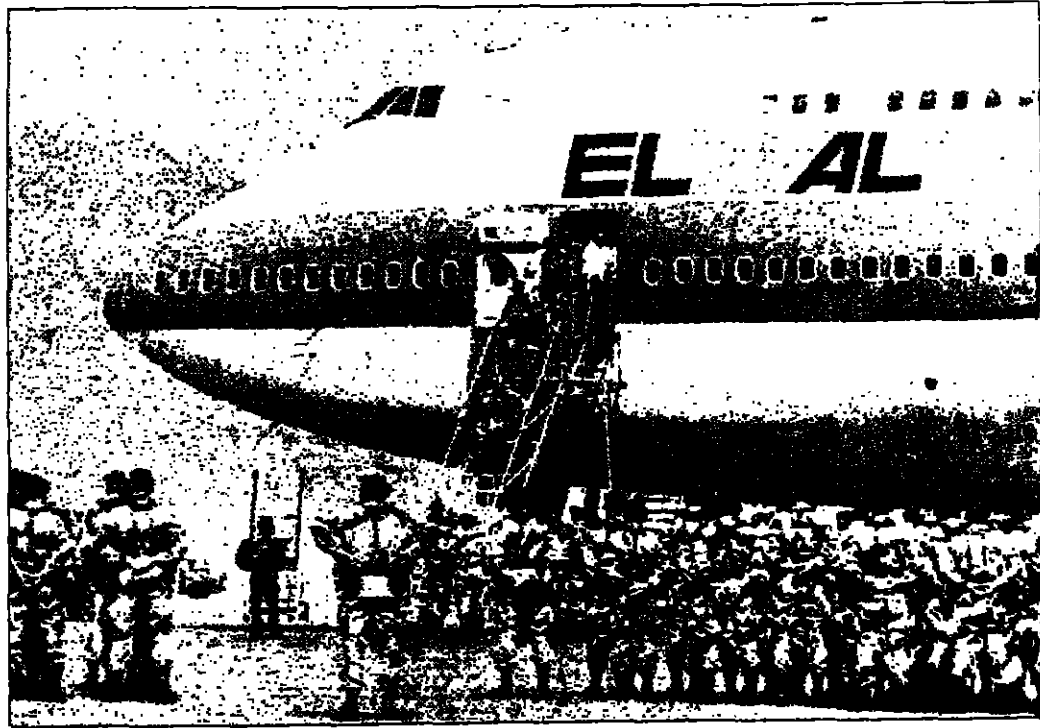
The president again dismissed any suggestion that he would ever negotiate with the Marxist guerrillas trying to disrupt the elections and overthrow the civilian-military junta he heads. In an interview Monday night, he also expressed fresh optimism about the course of the war against the guerrillas.

Mr. Duarte's rejection of negotiations and his optimism echoed those expressed by the U.S. ambassador, Deane Hinton, in a separate interview.

"They think they have a winning hand," Mr. Hinton said of the estimated 5,000 guerrillas. "Because their leaders are dedicated Communists, he said, the guerrillas are not sincere about negotiations and would use them 'to gain time and to reposition their forces.'"

Both Mr. Duarte and Mr. Hinton expressed skepticism that Mexico could play a leading role in resolving El Salvador's civil war, despite meetings of U.S. Secretary of State Alexander M. Haig Jr. and his Mexican counterpart, Jorge Castañeda.

Mexico is trying to mediate between the United States and Nicaragua, which the Reagan administration accuses of aiding the Salvadoran rebels, as a first step toward ending the war. Asked about the Haig-Castañeda talks during the past two weeks, Mr. Hinton said he had been told by Washington that "there was no discussion of negotiations" on El Salvador. "I have no reason to believe that we contemplated it," he said that "to a certain ex-



U.S. Army troops arrived Wednesday for duty with the multinational Sinai peacekeeping force.

## First U.S. Troops Arrive in Sinai For Duty With Peacekeeping Force

**By William Claiborne**  
*Washington Post Staff Writer*  
JERUSALEM — The first contingent of U.S. Army troops assigned to the multinational peacekeeping force arrived in the Sinai peninsula Wednesday in preparation for the scheduled April 25 turnover of the Sinai to Egypt by Israel.

The 600 troops of the 82d Airborne Division from Fort Bragg, N.C., arrived at the landing strip at Ophira, in southeastern Sinai near the new U.S.-built headquarters of the Multinational Force and Observers, which will patrol the easternmost sector of the Sinai along the Negev desert.

The troops were flown to Ophira and were reviewed on the tarmac by Gen. Frederik Bull-Hansen, the Norwegian who is to command the peacekeeping force. The only weapons they carried were M-16 automatic rifles, which are allowed under the peacekeeping agreement between Egypt, Israel and the United States.

The American commander of the troops, Lt. Col. William Garrison, said that although the soldiers are technically from the U.S. Rapid Deployment Force, they will be restricted to patrolling and observing the Sinai.

"We do not anticipate any change in our mission. We are assigned to the multinational force, and we will follow the orders of the multinational force," Col. Garrison said.

A total of 3,000 troops from 10 nations are expected to be deployed in the Sinai before Israel makes the April 25 withdrawal from the last third of the peninsula. Another contingent of U.S.

## West Cool To Soviet Proposal On Missiles

**From Agency Dispatches**  
BONN — West European governments reacted coolly Wednesday to Soviet President Leonid I. Brezhnev's latest arms-control proposals, including the announcement of a halt in deployment of medium-range nuclear missiles west of the Urals.

West Germany called the Soviet announcement of a missile freeze an old proposal aimed at maintaining Moscow's missile superiority in Europe.

A West German government statement on Mr. Brezhnev's proposal, announced Tuesday, said the Soviet action "is dependent on the West refraining from preparations to deploy American Pershing-2 and Cruise missiles."

Unless Moscow reduces or scraps its arsenal of SS-20 missiles aimed at Western Europe, NATO is to deploy 108 Pershing-2 and 464 Cruise missiles beginning in late 1983 in Britain, the Netherlands, Belgium, West Germany and Italy.

The Soviet plan, the West Germans said, "aims to prevent the deployment of American weapons in Europe" and "to maintain the current imbalance in this area in favor of the Soviet Union."

In Washington, President Reagan reiterated Wednesday the U.S. "zero option" proposal to remove all land-based nuclear weapons aimed at the continent. He declined to give an interpretation of Mr. Brezhnev's threat to deploy Soviet missiles close to American shores if the United States and its NATO allies carry out plans to place missiles in Western Europe.

"I would think that his concern is unnecessary," Mr. Reagan said in a brief comment after a White House ceremony. "We are meeting now in Geneva. We are in temporary recess, but the negotiations are going on. All they would have

## U.S. and Nicaraguan Stories Differ About Guerrilla's Washington Saga

**By Barbara Crosser**  
*New York Times Staff Writer*  
WASHINGTON — U.S. and Nicaraguan officials presented differing versions of events surrounding the trip to the United States of a 19-year-old Nicaraguan who last Friday startled the State Department by recanting his earlier assertions of Nicaraguan interference in El Salvador.

According to department spokesman Dean Fischer, the Nicaraguan, Orlando José Tardencilla la Espinosa, came to the United States early last week in a non-immigrant visa issued at the U.S. Embassy in San Salvador.

Mr. Fischer said that after Mr. Tardencilla's appearance before reporters on Friday afternoon, followed by a diplomatic note from the Nicaraguan Embassy seeking to meet the young man, the Nicaraguan had asked to be returned home. "Since Tardencilla had not violated any immigration law by his presence here," Mr. Fischer said, "the State Department decided to grant his wish and to allow him to return to Nicaragua."

Nicaraguan officials said, however, that Mr. Tardencilla had no identity papers or visa of any kind in his possession when he was turned over to Nicaraguan diplo-

### INSIDE

#### Squeezing Moscow

Evidence is growing that the Soviet Union is caught in a hard-currency squeeze. This has sharpened debate in Washington over just how vigorously to pressure Soviet policy. Insights, Page 6.

#### Polish Journalists

A personnel purge aimed at reestablishing tight party control over the Polish media reportedly has cost about 15 percent of the country's journalists their jobs. Page 5.

#### Arrested in 1981

Mr. Tardencilla was arrested in El Salvador in January, 1981, and had been in the custody of the Salvadoran Treasury Police, considered the most brutal of the Salvadoran armed forces. According to Mr. Tardencilla, Nicaraguan officials said Tuesday, he had been kept with other "foreign" prisoners, all allegedly free-lance guerrillas. He asserted that he had been tortured while in custody.

At news conferences in El Salvador last year, Mr. Tardencilla told reporters that he was part of a Nicaraguan force operating in El Sal-

## U.S. and Europe Seen Closer on Mideast Policy

**By Joseph Fitchett**  
*International Herald Tribune*  
PARIS — After differing about the Middle East problem for recent years, the United States and its European allies are moving markedly closer in their approach to the Arab-Israeli dispute, according to senior U.S. and European officials interviewed last week.

Instead of pressing fresh Western peacekeeping initiatives, governments on both sides of the Atlantic are concentrating on tactical moves to end the current diplomatic stalemate, such as consolidating the Israeli handover of Sinai to Egypt and keeping the lid on the Lebanese tinderbox, where Israelis, Syrians and Palestinians are at close quarters.

These joint U.S.-European efforts reflect a new degree of Western harmony. "We've buried the hatchet remarkably deep, and we agree both that the problem is scary and that we have momentum to run out of big ideas of what to do about it," a U.S. ambassador in Europe said.

The intransigence of both Israel and the Palestine Liberation Organization, heavily influenced by Syria, have stymied Western governments. And the oil glut has helped dampen the sense of political urgency about the Middle East, several diplomats said.

Western divergences could erupt again in a crisis, they added, because the United States is separated from its allies over some policy nuances.

For example, the Europeans re-

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main convinced that Israeli accommodation with the PLO is the key to Middle Eastern stability, while the United States is more concerned about strengthening Western military protection of the oil lines.

And although the United States is apparently worried about a realignment of Egypt with the other Arab countries, France and many other Europeans see revived Arab unity as the precondition for new Arab-Israeli peace moves.

Summing up these two schools of thought, a senior U.S. official said: "We're hoping, perhaps unrealistically, that the Begin government will come up with attractive concessions for the West Bank Palestinians. The Europeans, who feel Camp David has run its course, are looking for a revival of the Arab plan of Saudi Crown Prince Fahd to be the starting point for wider talks."

Beneath these analytical differences, however, Western views about diplomatic moves in the Middle East harmonize more closely than on almost any other

#### China Warns All States Against Ties to Taiwan

**By Michael Parks**  
*Los Angeles Times Staff Writer*  
PEKING — In a formal diplomatic note given to all countries represented here, including the United States, China has warned against any upgrading of present relations with Taiwan.

Asserting that simultaneous relations with China and Taiwan were not acceptable, Peking appeared to demand that even trade and cultural ties must be broken if they have any official character.

Although the note was intended to counter Taiwan's successful campaign to break out of diplomatic isolation with a growing network of economic and information offices in Europe and Asia, it could be construed as requiring countries such as the United States and Japan to close the large, embassy-like but nominally unofficial missions they maintain on Taiwan and which Taiwan has in their capitals.

President Reagan, during his conversations last week in Washington with Mr. Mitterrand, congratulated him on his trip to Israel because it symbolized this new French approach, according to a U.S. official.

A high French source said the trip had confirmed French views (Continued on Page 2, Col. 4)

## U.S. Seems Unsure About What It Wants in El Salvador

**By Philip Taubman**  
*New York Times Staff Writer*  
WASHINGTON — The Reagan administration has tried in recent days to explain to the public its policy on the civil war in El Salvador and, as Secretary of State Alexander M. Haig Jr. said, "put the current state of play in sharper focus."

Instead, some senior official acknowledge, the result has been increased confusion about the administration's aims, compounded by a sequence of misuses and mixed signals that have left an impression of disorganization and frustration. But the officials insist that the administration has not changed its policies.

"Sometimes I feel like Sisyphus," a senior official involved in developing the Latin American policy said. "Every time we head up the hill to explain or justify our policy, the stone comes crashing down on top of us."

The most recent initiative was a series of meetings between Mr. Haig and the foreign minister of Mexico, Jorge Castañeda de la Mesa, which to some people appeared to signal that the administration favored seeking a negotiated settlement to the problems in Central America. But Mr. Haig moved quickly to discount the prospects for negotiation, saying there was no reason to assume that Nicaragua would accept U.S. and Mexican proposals to settle its differences with El Salvador and the United States.

Administration officials acknowledged that their efforts had sometimes been uneven and careless, but they asserted that several consistent policy themes underlay both recent and past actions.

The developments left unclear whether the administration was seriously supporting

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ing negotiations, including a role for Mexico as mediator, or was primarily interested in soothing Mexican feelings and creating a positive impression for the U.S. public.

Additional confusion about the administration's intentions was generated by comments Saturday by Mr. Haig, who asked not to be identified at the time in news accounts. Mr. Haig said that the problem in El Salvador was global in nature and that the United States should involve the Soviet Union, Cuba and other Latin American nations in the search for a solution.

On Monday, Mr. Haig clarified his remarks by saying: "That does not mean, nor did it ever mean, that the Soviets, or the Cubans for that matter, must be invited to the negotiating table. Not at all."

Critics contend that the administration has no clear, coherent policy for Central America, but rather is lurching from one action and initiative to another.

tion to the administration's policy appeared rooted in a fear that U.S. combat troops might be sent to El Salvador.

The tone, they said, was intended for Nicaraguans, Cuban and Soviet consumption, part of a strategy to keep pressure on those nations to moderate their policies in Central America.

Some officials said Mr. Haig had gone too far in using strident language, which caused alarm in Congress and with the public. "One of the problems we've had is that Al Haig scared everyone," an official said.

Several officials suggested that plans for covert actions in Central America had been intentionally disclosed to reporters in hopes that news accounts about them would further intimidate the Nicaraguans.

**Recanted Statements**  
Administration officials offered few excuses for some of the misfires that marked intelligence briefings for Congress and the public. They said that Mr. Haig had been too quick to charge that Salvadoran authorities had captured a Nicaraguan military man in El Salvador two weeks ago, but they also blamed the press for expanding that statement into a major story. Mexican officials identified the man as a Nicaraguan student who had been captured while traveling overland through El Salvador on his way home.

The turnaround last Friday by a Nicar-

guan guerrilla who recanted previous statements about Cuban and Nicaraguan aid to the Salvadoran insurgents was attributed to poor staff work by the State Department and the CIA. "They just failed to spot this guy's true intentions," said an intelligence official.

The one public briefing that did go well in the administration's view was the release of aerial reconnaissance photographs showing what intelligence officials said was a major, Cuban-assisted military buildup in Nicaragua. Several officials said, however, they were disappointed that intelligence agencies had refused to take the additional step of making public evidence that showed how the Nicaraguans were using their new military strength to aid Salvadoran insurgents.

When that evidence, which apparently includes electronic intercepts of radio communications between Nicaragua and El Salvador, was given to congressional committees and to two dozen former senior government officials, the reaction was largely favorable. Most of those briefed said they were persuaded that Nicaragua was aiding the Salvadoran rebels.

Administration officials said they had decided not to make this information public because it might prompt the Nicaraguans and Cubans to alter their communications and make it impossible for the United States to continue collecting intelligence.

**Matter of Definition**  
"Unofficial ties have always been a matter of definition," an Asian ambassador said Tuesday after studying the Chinese note, but they seem to be taking a much sterner view now. As the note stands, it would certainly require the closing of not just the American and Japanese missions on Taiwan, though they are private in name, but also the British and West German trade offices, the Spanish cultural center, even Thailand's airline office."

The note, delivered Monday, was read by most diplomats, however, as a further attempt to put pressure on the United States in the negotiations over continued U.S. weapons sales to Taiwan, an issue that has brought U.S.-Chinese relations to a virtual crisis. The note reiterates that Peking will oppose any effort to create "two Chinas."

But the note goes further than that, most diplomats said, and it could overturn the basis on which many countries established diplomatic relations with Peking in the



# PLO's Long-Range Arms Change Israeli Border Equation

By Drew Middleton

**NEW YORK** — The military confrontation between Palestine Liberation Organization forces and Israel along the border between Israel and Lebanon has taken on new dimensions, with the PLO now able to attack most of the cities and towns in northern Israel at long range.

Western and Israeli military analysts say that a steady stream of long-range guns, rockets and mortars has been reaching southern Lebanon in the last two months. These weapons, all with a range of approximately 15 miles (24 kilometers), include about 100 130mm guns, 60 122mm rockets and their launchers and a large number of 120mm and 160mm mortars, all produced in the Soviet Union.

Analysts concede that it would be difficult for Israel to destroy the weapons because all are mobile and easily hidden.

This development has aroused fears in Washington and some

North Atlantic Treaty Organization capitals that Israel might move ground and air forces into southern Lebanon to eliminate the PLO forces. Intelligence sources estimate that there are 15,000 PLO

## NEWS ANALYSIS

guerrillas in Lebanon, with roughly one-third of them operating in the area south of the Litani River.

At the moment, the analysts said, the ground in southern Lebanon is too soft — a result of winter rains — to permit extensive deployment off the main roads. But they said that the military and political situation in the area would appear to indicate early action, even at the cost of some delays in moving troops through the countryside.

Syria, which has the most powerful Arab ground and air forces in the region, including 25,000 troops in Lebanon, has only recently completed an extensive action against Moslem Brotherhood in-

surgents in Hama, a city in western Syria. Analysts believe that Syrian concern about further uprisings, and indications of widespread disaffection in the army and air force, would prevent any forceful military reply to an Israeli movement into Lebanon.

Diplomats familiar with the region do not expect other Arab countries to intervene if the Israeli attack. Jordan has been extremely cautious, one source said, about allowing PLO forces to operate from its territory, although several groups have tried to enter the country equipped with long-range weapons.

Egypt, preoccupied with the final phase of the return of the Sinai Peninsula on April 25, is unlikely to do anything that would prevent the completion of that process.

One American analyst said that Egypt's preoccupation with Sinai might prompt an Israeli move into Lebanon before April 25. In his view, the Egyptians, although they might protest, would take no ac-

tion, and this in turn could widen the existing differences between Cairo and more aggressive Arab nations.

Among Israeli sources, there is a strong belief that the PLO will use its long-range weapons against military targets, including depots and forward airfields, as well as the towns and hamlets of northern Israel.

In addition to the flow of heavy weapons, there has been a steady reinforcement of the PLO in Lebanon. This has been qualitative as well as quantitative, one Western source said. It includes trained volunteers from Iraq, Libya and Southern Yemen. Others are engineers who oversee the building of defensive works in the area of Nabatieh and Boufeir.

Israeli aerial reconnaissance has also reported a buildup in stocks of ammunition, gasoline and food at PLO positions. Long-range weapons are concealed by day and then moved by night to potential firing positions.

Last fall, Israeli intelligence was concerned about the possible use of two PLO brigades that had been armed and organized for conventional warfare. That concern has lessened, although the arms for the brigades are available.

The situation as it is now perceived is that if Israel moves into Lebanon, the PLO will use its long-range weapons to harass the forces.

Israel's strongest card in that case would be the air force. Analysts estimate that Israeli planes would be able to operate without serious interference from the Syrian Air Force but that the Israeli high command would have to anticipate the possible transfer of Syrian surface-to-air missiles and their crews to the PLO.

There are reports, which cannot be substantiated, that the PLO has asked Syria to supply surface-to-air missiles. Syria has 32 missile batteries and is due to receive more SAM-6s and SAM-7s from the Soviet Union this year.



Relatives of some of the 33 rightists being tried on charges of attempting a coup arrive at the military compound where the trial is being held. One of the main defendants, Lt. Col. Antonio Tejero Molina, testified Wednesday. The newspaper headline reads: "Tejero Is Not the Villain."

## Salvadoran Leader Says Vote Will Help Tame the Military

(Continued from Page 1)

forces as a way of curbing excessive violence at the hands of the army and National Guard, which now have most of the responsibility for internal security. U.S. congressmen who oppose such training "create more problems for us than they know."

Speaking in slow but surely expressed English during the meeting in his newly decorated presidential palace, Mr. Duarte appeared confident that his election campaign would provide his Christian Democratic Party with either an absolute majority of 31 seats in the Constitutional Assembly, or with enough seats to dominate a coalition government.

Although the assembly is empowered to write its own mandate, it is expected to elect an interim

president to serve for one year while a new constitution is being written and new elections are being organized.

The Reagan administration frequently describes Mr. Duarte as a centrist, but in this campaign he occupies the left of the spectrum. The far right has denounced him as a pseudo-Marxist who has destroyed the economy through land reform and will sell the country out to the guerrillas. Former Army Maj. Robert D'Aubuisson, the most prominent challenger to Mr. Duarte, has promised to wage "total war" against the rebels if elected.

"They are selling the peace of death, the peace of destroying everything," Mr. Duarte said of Mr. D'Aubuisson and his supporters. But Mr. Duarte said the elections will force the extreme right "to accept the rules of the democratic game" and to abandon violent confrontation as a means of seeking power.

"The people will have made their decision, and the extreme right will be bound by these results, like it or not. They won't be able to argue any longer that this government is not legitimate. If they continue to call for coups, that will be sedition and it will be punishable by law."

Reflecting a shift from past automatic denials by the government that its forces have been responsible for a significant part of the estimated 30,000 killings in the past two and one-half years, Mr. Duarte said the elections would give the new government more authority over the military.

"Two years ago, we had [human



José Napoleón Duarte

rights] abuses in almost every town. We still have some today, but much, much less. Now, it is not systematic and not over all the country. We have taken actions of control, and of punishment," Mr. Duarte said.

He asserted: "The extreme left is not interested in negotiations or democracy. These so-called negotiations would be nothing but an effort to get an unconditional surrender, or a military negotiation such as the one the United States had in Paris about Vietnam."

Mr. Duarte repeated his willingness "to dialogue" with the guerrillas and their political spokesmen "if they accept that the solution here is not a violent or a military one, but a democratic one" that recognizes the legitimacy of the government to be elected March 28. The guerrillas have boycotted the election.

## U.S. and Europe Seen to Move Closer on Mideast Approach

(Continued from Page 1)

that there was no early hope of dialogue between Israel and the PLO.

With France abandoning its bid to swing Europe behind the Arab cause, the European Economic Community appears unlikely to agree again soon about any move,

such as the now shelved European initiative, which would be at odds with U.S. diplomacy in the Middle East, diplomats said.

Other major European governments are reluctant, without French leadership, to engage the Arab-Israeli issue. West Germany, stung by Israeli accusations of anti-Semitism, has retreated to tend its Arab economic relations. Britain, too, appears to have adopted a lower profile. In Italy, Premier Giovanni Spadolini is strongly pro-Israeli compared with his predecessors.

Accommodating Language

The retreat from diplomatic activism is visible in Washington, too. The Reagan administration in recent months has soft-pedaled its initial grand design for the region, the so-called strategic consensus aimed at diverting moderate Arab countries away from their conflict with Israel to resist the Soviet Union.

As a more cautious approach has emerged on both sides of the Atlantic, Western governments continue trying to promote accommodating language among both moderate Israelis and Arabs.

In practice, a key policy-maker explained, Western governments' energies are increasingly channeled into local situations that present opportunities or dangers. To consolidate Israeli withdrawal from Sinai, for example, four European governments are sending contingents to bolster the mainly U.S.-manned peace-keeping force that started arriving there Wednesday.

At the same time, France and the United States are working to prevent an explosion in Lebanon.

While troubleshooter Philip C. Habib has been applying U.S. influence to restrain Israel and strengthen the Lebanese government, France has begun sending 600 additional troops to the United Nations peacekeeping body in southern Lebanon. The French reinforcements should enable the United Nations to establish a buffer zone across southern Lebanon, separating Israel from the Palestinians and Syrians.

Both France and the United States worry that an Israeli offensive in Lebanon could intensify political animosities throughout the region.

Military Collision

The immediate effect, Middle East specialists said, would be to drive the PLO closer to Syria, making the Palestinian leadership hostages of President Hafez al-Assad.

In the French view, both Syria and Israel are tempted to provoke a military collision. The likely result would be to mobilize Soviet support for Syria and U.S. backing for Israel, deepening direct superpower involvement in the Middle East problem at a moment of dangerous East-West tension.

The combined efforts of the United States and the Europeans are aimed at preventing this kind of local explosion and shoring up the region's moderate leaders.

But both U.S. and European diplomats admit they are engaged in a holding operation.

## Stories Differ On Guerrilla

(Continued from Page 1)

Mr. Tardencilla was reported to have said that if he did not go, he could be "sent back to Caballeria," the Salvadoran town where he was arrested and tortured by "the Halcóns," as the Treasury Police are known locally.

Plane to Miami

According to the young man's account, three Salvadoran military officers took him to Miami on a commercial flight, where he was turned over to State Department officials, who brought him to Washington.

In Mexico Monday, Mr. Tardencilla was reported to have said he was "savagely tortured" while in the United States. Tuesday, Nicaraguan officials said he had meant he was under severe psychological pressure.

The State Department officials, the Nicaraguans said, asked Mr. Tardencilla to name anything he might want; he said that they suggested an education, clothes and other needs.

He reportedly asked for a pair of glasses. He said his eyes had been weakened by three months of blindfolding in El Salvador. He was wearing the new glasses when he met the press on Friday.

## DEATH NOTICE

Mrs. Costi Eliazo regrets to announce the death of Mr. Costi ELIAZO, Former Governor of the National Bank of Greece and the Bank of Athens, Minister of Greek Tourism and Commander of the French Legion of Honor who died in Paris on March 11, 1982 at the age of 88. Services will be held on Friday, March 19 at 3:30 p.m. in the Church of the First Cemetery of St. Theodore in Athens.

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Germany (air)	\$ 330.00	\$ 165.00	\$ 92.00	Mexico (air)	\$ 240.00	\$ 120.00	\$ 69.00
Greece (air)	\$ 330.00	\$ 165.00	\$ 92.00	Netherlands (air)	\$ 240.00	\$ 120.00	\$ 69.00
Italy (air)	\$ 330.00	\$ 165.00	\$ 92.00	Norway (air)	\$ 240.00	\$ 120.00	\$ 69.00
Japan (air)	\$ 330.00	\$ 165.00	\$ 92.00	Poland (air)	\$ 240.00	\$ 120.00	\$ 69.00
Spain (air)	\$ 330.00	\$ 165.00	\$ 92.00	Portugal (air)	\$ 240.00	\$ 120.00	\$ 69.00
Sweden (air)	\$ 330.00	\$ 165.00	\$ 92.00	Romania (air)	\$ 240.00	\$ 120.00	\$ 69.00
Switzerland (air)	\$ 330.00	\$ 165.00	\$ 92.00	Saudi Arabia (air)	\$ 240.00	\$ 120.00	\$ 69.00
Taiwan (air)	\$ 330.00	\$ 165.00	\$ 92.00	South Africa (air)	\$ 240.00	\$ 120.00	\$ 69.00
United Kingdom (air)	\$ 330.00	\$ 165.00	\$ 92.00	Spain (air)	\$ 240.00	\$ 120.00	\$ 69.00
United States (air)	\$ 330.00	\$ 165.00	\$ 92.00	Sweden (air)	\$ 240.00	\$ 120.00	\$ 69.00
West Germany (air)	\$ 330.00	\$ 165.00	\$ 92.00	Switzerland (air)	\$ 240.00	\$ 120.00	\$ 69.00
Yugoslavia (air)	\$ 240.00	\$ 120.00	\$ 69.00	Taiwan (air)	\$ 240.00	\$ 120.00	\$ 69.00
Other (air)	\$ 240.00	\$ 120.00	\$ 69.00	Thailand (air)	\$ 240.00	\$ 120.00	\$ 69.00
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## WORLD NEWS BRIEFS

### Douglas-Horne Named Times' Editor

**LONDON** — Charles Douglas-Horne was named editor of The Times of London Wednesday. He succeeds Harold Evans, who resigned because of differences with publisher Rupert Murdoch.

Mr. Douglas-Horne joined The Times in 1965 as defense correspondent. He became features editor in 1970, home affairs editor in 1973 and deputy editor when Mr. Murdoch bought the paper 13 months ago. He won praise for his reporting of the 1967 Middle East war and the build-up to the invasion of Czechoslovakia in 1968.

He also reportedly got The Times its world exclusive on the engagement of Prince Charles and Lady Diana Spencer. The Times appeared on the morning of Feb. 24, 1981, saying that Buckingham Palace would announce the engagement later that day. The palace did.

### Britain Blocks EEC Wine Accord

**BRUSSELS** — Britain blocked Wednesday a plan to ease the French-Italian wine war, continuing its veto over European Economic Community farm policies to win financial concessions from its partners.

In a stormy final session of a three-day meeting, agriculture ministers from the 10 countries failed to reach agreement on any key issues and notably on farm prices for 1982-83. The failure left it up to heads of government at a March 29-30 summit meeting to reach a solution.

Britain has blocked farm agreements to try to end its perennial role as a high payer into the EEC budget and low recipient of benefits. On Wednesday, Britain blocked a French-Italian plan to remove 6.5 million hectoliters of Italian wine from the market by turning it into alcohol. French Farm Minister Edith Cresson, meanwhile, threatened to try to override Britain's veto by trying to push through a majority rule. She said there was also a possibility France would unilaterally introduce farm price increases.

### Tass Condemns U.S. Maneuver Plans

**MOSCOW** — Tass denounced Wednesday U.S. plans to hold naval exercises in waters near Libya as "saber-rattling" and said the move would increase tensions in the region.

U.S. Navy Secretary John F. Lehman Jr. indicated Tuesday that the U.S. 6th Fleet probably will conduct exercises in the disputed Gulf of Sidra within the next six months despite warnings from the Libyan leader, Col. Moammar Qadhafi, that it could lead to war. Libya accused the United States of planning an invasion.

In August, two U.S. Navy fighters from the carrier Nimitz shot down a pair of Libyan planes over the Gulf about 60 nautical miles from the Libyan coast after what the Pentagon called an "unprovoked attack."

### Sandinistas Shut Newspaper for Day

**MANAGUA** — The Sandinista regime Wednesday closed a pro-government newspaper for one day for printing what it called a false account of its new emergency powers.

El Nuevo Diario published in its Tuesday edition an article headlined "State of Siege" in which it described the new powers assumed Monday by the government.

The Sandinistas Monday suspended many constitutional rights for at least 30 days to counter what they called the threat of U.S.-backed attacks by exile groups. The Ministry of Interior said El Nuevo Diario was wrong to call the new powers a state of siege "because in our country, there is no 'state of siege' power, but only a 'law of emergency'."

### U.S. Troops Arrive in Sinai

(Continued from Page 1)

made both points clear to the Egyptians on Prime Minister Menachem Begin's orders. Earlier Wednesday, Mr. Sharon saw Egyptian Foreign Minister Kamal Hassan Ali off at Ben-Gurion International Airport.

Mr. Ali and Egypt's minister of state for foreign affairs, Boutros Ghali, concluded a three-day visit to Israel. The meetings failed to resolve differences over demarcation of the permanent border and a possible visit by Egyptian President Hosni Mubarak to Israel.

Both sides decided to have further talks on the border issue next month.

"The prime minister asked me to tell the Egyptians — and I did tell them — that in the future the autonomy talks must take place in Jerusalem, Cairo or in Washington if necessary," Mr. Sharon said. "If there are no talks in Jerusalem, there will be no talks. This is what I told the Egyptians."

Mr. Sharon said the limitations on the Egyptian Army deployment in Sinai "are not for a short time. They are forever." He said the arrangements also "provide for 150 kilometers [90 miles] of demilitarized force."

"Should this situation change," he said, "it will be unacceptable to Israel. I made it clear to the Egyptians in the best of spirits."

**Cosmos-1343 Is Launched**

**MOSCOW** — The Soviet Union launched Cosmos-1343 on Wednesday "to continue the exploration of outer space," Tass reported.



## Regan Says Congress Unlikely to Find Way To Improve '83 Budget

United Press International  
WASHINGTON — Treasury Secretary Donald T. Regan rejected Wednesday proposals to delay tax cuts and challenged Congress to find workable ways to change the fiscal 1983 budget.

### Reagan Eases Label Policy On Cigarettes

By Christine Russell  
Washington Post Service  
WASHINGTON — The Reagan administration has backed away from its recent endorsement of legislation to put stronger health warning labels on cigarette packages.

The about-face came as top health officials appeared before the Senate Labor and Human Resources Committee Tuesday, presenting testimony that Sen. Robert Packwood, Republican of Oregon, characterized as "substantially weaker" than that presented last Thursday before a House health subcommittee.

Sources indicated that the Department of Health and Human Services was surprised late Monday when the White House Office of Management and Budget failed to give the expected approval to testimony submitted for clearance, and health officials were told not to talk about specific legislation.

One source said, "This is reflective of ongoing efforts of the tobacco industry... and continues to demonstrate their strength at frustrating the process."

Sen. Packwood Tuesday asked what had happened since last week to alter the administration's recent "staunch support" of the legislation. He suggested that "somebody talked to somebody in your department and said, 'Tone down the testimony.'"

Assistant Secretary for Health Edward N. Brandt Jr. would only say that the administration "supports stronger health warnings," but the "specific wording" and "the way in which they are to be used" is "still being studied."

Last week, with administration approval, Dr. Brandt testified: "We support the bill's requirements for strong health warnings because we believe they would increase the public's knowledge of the hazards of smoking and make it possible for smokers and potential smokers to make better informed judgments as to whether to continue smoking or begin smoking."



Police Chief Robert Ruble displaying his guns.

### U.S. Town's Law Urging Ownership Of Guns Will Backfire, Some Fear

KENNESAW, Ga. — A new law in this town of 7,000 requires citizens to own guns, and some residents say they fear a return to the street shootings of the Wild West.

The City Council voted unanimously Monday night to enact the law. But there are no penalties for violations and no plans to enforce the law.

It was intended as "a kind of protest-type legislation" against gun-control laws, Councilman Jerry Worthan said Tuesday. "We're saying, 'Hey, you're taking away some of our rights.' You get a little tired of hearing what you can and what you can't own," Mr. Worthan said.

He cited a law that took effect Feb. 1 in the Chicago suburb of Morton Grove barring handgun ownership by all residents except police and military personnel.

The Kennesaw ordinance, effective next Wednesday, states: "In order to provide for and protect the safety, security and general welfare of the city and its inhabitants... every head of household residing in the city limits... is required to maintain a firearm, together with ammunition."

his 1983 budget to reduce huge deficits, which they said would keep interest rates high and "retard or abort economic recovery."

But Mr. Regan said on a television news program that the administration is hearing nothing new from the Democrats. "It's very easy to criticize the budget. It's very easy to say, 'Get that deficit down' and 'Do this, do that,'" he said. "But when push comes to shove and the Congress actually has to vote, let's see what actually happens."

Reminded of his prediction less than two months ago that Mr. Regan would get practically all of his 1983 budget through Congress, the treasury secretary said, "What we will get is either that or something similar to it."

The Democrats proposed considering all parts of the budget for cuts and deferring next year's 10-percent personal income tax cut and the so-called indexing of income taxes, designed to prevent tax increases caused by inflation, scheduled to take effect in 1983. The president has opposed the tax proposals.

Asked whether there would be "no give" on the tax cut or indexing, Mr. Regan replied: "That's absolutely correct as far as I'm concerned. I'm sure that's the president's view also."

A bipartisan group of Senate leaders increased pressure on the president to compromise Tuesday by agreeing that everything — including military spending, tax cuts and benefit programs — must be open to negotiation to reduce the 1983 projected deficit of \$96.4 billion.

Leaving the meeting, Sen. Ernest F. Hollings, of South Carolina, the ranking Democrat on the Budget Committee, said he was optimistic about finding an acceptable alternative to Mr. Regan's budget.

The Senate Republican leader, Howard H. Baker Jr., of Tennessee, would say only, "We had a good meeting."

Sen. Hollings said Republican leaders now must ask the president whether he will accept a bipartisan budget alternative. He advised Republicans to tell Mr. Regan "to cut out the political sniping from the sidelines."

However, Republicans appeared no closer to developing a budget plan that would fit both the requirements set down by both parties in Congress and the less-flexible terms mandated by Mr. Regan.

In the letter to Mr. Regan, the Senate Democrats said that unless the president agrees to defense-spending cuts and tax changes, the budget will never be balanced.

"What we're saying is, 'We're willing to meet you, Mr. President. Get off the dime, get off the deadlock,'" the Democrats said.



President Reagan helping volunteers in Fort Wayne, Ind.

### Reagan Helps Indiana Flood Team Toss Sandbags Along River Bank

Fort Wayne, Ind. — President Reagan briefly joined (un)paid volunteers in tossing sandbags along the bank of a flooded river Tuesday after deciding on impulse to fly here to see the devastation caused by this area's worst flooding since 1913.

"Right here along this river I think is something that should be an inspiration to everyone," Mr. Reagan said. "These young people told me they saw this on television and that's why they're here. They're all volunteers. One young lady told me she's been here for three days."

Looking out of place in a dark suit with a white handkerchief in the breast pocket, Mr. Reagan tossed about a dozen filled sandbags in a work line along a dike of the St. Marys River. The floods in this area left an estimated 3,800 persons homeless and caused an estimated \$16.3 million worth of damage, city officials said.

An area farmer, Greg Miller, complained to the president that the federal government had been slow in processing an emergency loan he had applied for after suffering \$100,000 in flood damage last year. Mr. Miller said that of 670 farmers eligible for the loan, only 10 had received any money, and he was 10 days away from planting and needed the cash. Mr. Reagan promised to call the secretary of agriculture, John R. Block, and look into the matter.

## Accused Kidnapper Says He Spared Dozier

From Agency Dispatches

VERONA, Italy — Giovanni Cuccini, the Red Brigades terrorist who was holding a gun to the head of Brig. Gen. James L. Dozier when police broke in to free him, testified Wednesday that he had enough time to kill the NATO general, but did not do so for humanitarian reasons.

Mr. Cuccini, 32, and 16 others are on trial for kidnapping Gen. Dozier from his home here Dec. 17. Nine of the accused were in court and the eight others, still at large, were being tried in absentia.

Mr. Cuccini, one of five arrested in the police raid that freed the general Jan. 28, described the last minutes of his hostage's 42-day captivity.

Police Spotted

He said that Antonio Savasta, 27, the gang leader, spotted police from the apartment window and passed out guns and a grenade to those in the apartment.

"I went into the tent where the general was sleeping and pointed the gun at him," Mr. Cuccini said. "We knew [the raid was going to take place] about a minute before the police broke in. If I wanted, I had the time to kill the general, but I didn't think of doing it because at that moment I didn't see him as an enemy, but as a human being."

"Dozier woke up when police broke the door down. I reassured him, at least with gestures, that nothing would happen to him," Mr. Cuccini added.

He said that the Red Brigades would have held Gen. Dozier captive for a long time if police had not located the apartment in Padua.

"Our intention was to keep Dozier hostage for a long time. We

Reagan to Exempt Some Colleges From Rights Laws

New York Times Service

WASHINGTON — The Reagan administration, shifting a long-standing position of the federal government, has decided to exempt from key civil rights laws colleges where guaranteed student loans are the only form of federal aid.

A White House official said Tuesday that President Reagan made the decision last week after members of his staff had reached a consensus on the issue in two meetings with officials of the Justice and Education departments. Administration officials said the principal advocate of the change was Edwin Meese 3d, the White House counselor.

The decision was not announced publicly. The White House official, who asked not to be identified, disclosed it Tuesday, and expressed the fear that it would create additional problems between the administration and members of minority groups.

The president's decision is the latest action to narrow the applicability of civil rights laws. Civil rights organizations protested earlier this year when the administration shifted another previous federal practice and said it would permit tax exemptions for schools that practice racial discrimination.

Portugal Train Strike Ends

Lisbon — Portugal's train drivers ended an eight-day strike Wednesday, a few hours after being called back to work by the government under a civil conscription order.

## 3 in Congress Defeated in Illinois Vote

Governor Nominated In Opening Primary

The Associated Press

CHICAGO — Three Illinois congressmen, including Republican Tom Railsback, a prominent Judiciary Committee member during the Watergate inquiry, have been defeated in primary elections. Edward J. Derwinski, a Republican, and John C. Fary, a Democrat, also were defeated Tuesday. Rep. George M. O'Brien defeated Rep. Derwinski, and William Lipinski, a Chicago alderman, beat Rep. Fary. The redistricting cut two of the state's 24 House seats and placed Reps. O'Brien and Derwinski in the same district.

New Rightist Defeated

The Republican governor, James R. Thompson, defeated two candidates. He will face former Sen. Adlai E. Stevenson 3d in November in his bid for a third consecutive term. Mr. Stevenson was unopposed. The speaker of the Illinois House, George Ryan, was leading in the race for lieutenant governor. Mr. Ryan was the preferred running mate of Gov. Thompson.

In other voting, Rep. John N. Erlenborn, a Republican, won easily over state Sen. Mark Q. Rhoads, identified with the New Right conservative movement, and two token candidates.

Other Illinois incumbents who sought re-election were either unopposed or won easily. Included were Robert H. Michel, the House Republican leader; Dan Rostenkowski, the Democratic chairman of the Ways and Means Committee; and brothers Philip M. and Daniel B. Crane, both Republicans.

Illinois was the first of 50 states to hold congressional primaries this year. President Reagan's policies and the economy were not major factors in most campaigns, which tended to focus on personalities, local issues and reapportionment.

Mr. Railsback was upset by Republican state Sen. Kenneth McMillan in the only race dominated by national issues. "Maybe the majority of Republicans wanted someone more conservative than I," he said in conceding defeat.

Rep. Derwinski, 55 and a 24-year veteran of the House, said that he was unable to overcome a geographical advantage that went to Rep. O'Brien because of redistricting.

The race between Rep. Fary and Mr. Lipinski was billed by some as a proxy match between Mayor Jane Byrne and the Cook County state's attorney, Richard M. Daley, son of Chicago's late mayor and a possible challenger to Mrs. Byrne in next year's city election.

Mr. Di Lenardo, 23, in a written complaint to court earlier this week, said that police gave him electric shocks on the genitals, burned him there and on the tongue with an instrument that looked like a cigarette and beat him.

Armando Lanza, 32, who has agreed to testify, also claimed in a written statement that police gave him electric shocks and tied him to a radiator for four days. Police have denied the allegations of torture.

### Nestlé Details Plans for Meeting Baby-Food Code

United Press International

WASHINGTON — Nestlé, the world's largest supplier of infant formula, has announced guidelines for the company to comply with a United Nations code aimed at encouraging breast-feeding.

The code, passed last May by the World Health Organization on a 93-3 vote, bans baby pictures on formula packages and advertising, prohibits promotion gimmicks, restricts free samples and requires that labels and accompanying information state the superiority of breast-feeding.

The Nestlé code, announced Tuesday, includes a statement intended for health workers to tell mothers. The statement begins, "Breast-feeding is best for babies... Mothers should always seek medical advice before introducing a complement or a replacement for breast milk to their babies."

An official of the Washington-based Nestlé Coordination Center for Nutrition said the company will adhere to the code even in countries that have not made it a law. The company also said it will set up a committee in the United States to investigate any complaints that Nestlé is violating international codes.

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## Report Says 'New Federalism' Plan Would Hurt U.S. States Financially

By Spencer Rich

Washington Post Service

WASHINGTON — President Reagan's proposed "New Federalism" program would not fully compensate the states for their new responsibilities under the plan, but rather would cost them \$15 billion in lost federal aid in its first year, fiscal 1984, the Congressional Budget Office says.

Mr. Reagan proposed on Jan. 26 that the states take over the food stamp program, Aid to Families with Dependent Children and about 40 other smaller programs. In return he said the federal government would take over Medicaid and create a temporary \$28-billion trust fund for the states. The president contended that it would be an even trade.

However, Alice Rivlin, director of the budget office, told the Senate Governmental Affairs Committee Tuesday that the program would cost the states \$15 billion in federal funds if it is approved as proposed by the White House.

One reason for the difference is

that the administration assumed many of the programs to be taken over by the states would first be cut, as proposed in the president's fiscal 1983 budget. In other words, it assumed that the states would be taking on smaller and less costly programs in 1984.

Those cuts, however, are meeting strong resistance in Congress, and the Congressional Budget Office did not assume that they would be made, basing its calculations on the law as it was at the end of 1981. A second reason for the budget office's differing estimate is that it predicts higher inflation rates than the administration does, meaning that programs to be taken over by the states would cost more by 1984.

A spokesman for the National Governors' Association said the budget office's figures confirm the association's own analysis but that the White House has said it is willing to adjust the figures based on actual appropriations for fiscal 1983.

The budget office director said the administration estimated that in 1984 the states would assume \$16.5 billion in costs from taking over Aid to Families with Dependent Children and the food stamp program and \$30.2 billion from taking over the 40 smaller programs, a combined added burden of \$46.7 billion. The administration said the federal government would compensate the states by taking over \$19.1 billion in Medicaid costs and by setting up for the states a trust fund of \$28 billion, for a total of \$47 billion in offsetting funds.

She said that the budget office calculated, however, that the states' costs would increase \$20.6 billion as a result of taking over the Aid to Families with Dependent Children and food stamp programs and would be \$41.4 billion higher because of the 40 smaller programs, for a total of \$62 billion. The \$47 billion from the federal government would leave the states \$15 billion short of being fully compensated, she said.

## Senator Says Reagan Is Curbing Congress' Access to Secret Data

By Steven V. Roberts

New York Times Service

WASHINGTON — A senior Democrat on the Senate Intelligence Committee has accused the Reagan administration of severely restricting the flow of secret information to Congress.

Sen. Joseph R. Biden Jr. of Delaware said Tuesday that the policy was part of a broader attempt to limit access to information.

Sen. Biden cited as evidence White House support for bills that would make it a crime to identify intelligence agents engaged in secret missions. In addition, he noted that President Reagan had said in an interview made public Monday that journalists should "trust us, and put ourselves in our hands."

"Everything is just closing down," Sen. Biden said in an interview. "The whole attitude is just very, very different." He added that the administration's definition of what information could be given to Congress was much narrower than the one used by the Carter administration.

For example, he said, intelligence officials often briefed only the Intelligence Committee chairman and ranking minority member, not the full committee. And they "stretch to the extreme" legal requirements that they report to Congress in a timely fashion.

In 1979, when the agency came up here, I could ask the following

question: 'Tell us what's happening in El Salvador?' Sen. Biden said. "They would give a detailed account, including the blemishes. Now, all I'll get is what they want to tell me."

Sen. Biden's comments came as the Senate continued to debate the bill that would make identification of intelligence agents a crime. The key argument is over the standard of proof to be used in defining a violation.

The bill as sent to the Senate

Soviet Police Aide 'Died Suddenly'

United Press International

MOSCOW — A Moscow newspaper has run an obituary for the chief of Soviet police charged with maintaining public order that suggested he died violently.

Militia Maj. Gen. Erik C. Abramov, 52, "died suddenly," the newspaper, Moskovskaya Pravda, reported Tuesday. Gen. Abramov had taken over as chief of administration for public order in the Ministry of Internal Affairs earlier this year.

The cause of death and the date were not disclosed, but the tone of the obituary indicated he died violently. Gen. Abramov was a Communist Party member and had previously served as head of the Moscow division of the airplane anti-jacking squad, the paper said.

from committee would require prosecutors to prove that an accused had an "intent to impair or impede the foreign intelligence activities of the United States."

An amendment offered by Sen. John H. Chafee, Republican of Rhode Island, would establish a looser standard. Specific intent would be dropped and a disclosure would be a crime if the defendant had "reason to believe" such actions would harm U.S. interests.

Language similar to the Chafee amendment was put into the House-passed version of the bill last September. Tuesday, advocates of the proposal defended the looser standard as essential for U.S. security interests.

"In order to provide a hedge against the enormous global ambitions of the Soviet Union," argued Sen. John G. Tower, Republican of Texas, "we must have the most effective possible intelligence-gathering capability."

Sen. Biden conceded that the Chafee amendment might establish cause many senators shared the fears of Sen. Tower and the Reagan administration. They believe, he said, that changes made in the 1970s to enhance public access to information were naive and harmful.

In recent weeks, however, opponents of the Chafee amendment have become more active. Debate Tuesday focused on the charge that the amendment could have a "chilling effect" on efforts to report on intelligence activities.

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## Brezhnev's Second Blast

Had you forgotten that the Americans and the Soviets have been in Geneva negotiating quietly on nuclear forces in Europe? Leonid Brezhnev forcefully reminded everyone Tuesday by making one of those loud, bold interventions that the Kremlin is given to making when things get difficult at the table. It came pretty much on schedule, like the second stage of a rocket, just as the Geneva talks went into recess. It was a statement simple and dramatic in form, designed to appeal over the heads of the negotiators to an anxious and somewhat confused Western public.

The Soviet Union will unilaterally freeze its missile force west of the Urals aimed at Europe, Mr. Brezhnev declared, if NATO does not deploy new Pershing-2 and Cruise missiles, or until agreement on mutual reductions is achieved. Moreover, he said, later this year his government will unilaterally remove "a certain number" of missiles, barring "a new aggravation of the international situation." That was the carrot. The stick: If the United States deploys the new missiles, creating "a real additional threat to our country and its allies," Moscow would "put the other side, including the United States itself and its own territory, in an analogous position. This should not be forgotten." He went on to nag President Reagan to start START, the full-scale strategic arms talks meant to succeed SALT, and made the usual gallery play.

To one part of this statement, President Reagan Tuesday had a prompt response. The Soviet freeze, he said, is not good enough. He is right. In November when the talks began, Moscow held what a unanimous NATO regarded as a dangerous imbalance—250 to 0—in the most menacing variety of European missiles, mobile triple-headed SS-20s. In the four months since, Moscow has increased this margin to 300 to 0. The freeze that Mr. Brezhnev offers with an air of self-denial masks an unprovoked expansion of a formidable force of weapons meant to intimidate.

But, insist the Soviets, other European nuclear categories, such as the bombs carried by NATO planes and the independent deterrents of Britain and France, must also be counted. Must they? That is precisely what the Geneva talks are about. The United States argues that the Soviet SS-20s are in a class by themselves and must be reduced to zero, or countered. The Soviets contend that other Western weapons, regardless of their different physical and political characteristics, threaten them, too.

From the start, the Reagan strategy has been to show that NATO is united on the matter of the special menace of the SS-20s. Mr. Brezhnev brought the Soviet strategy into full view Tuesday. His position is properly outrageous. It is a negotiating position.

THE WASHINGTON POST.

## Mexicans as Mediators

If we hear Secretary Haig correctly, his Central American policy this week is to wish Mexico well in trying to broker a deal between Latin guerrillas and the Reagan administration. That is a tall order, and he is right to add all the usual cautions. But now the administration seems on the right track; the question is why it has taken so long to welcome Mexican involvement.

In the short run, no deal may be possible. The mood in the region is inclement for diplomacy. Nicaragua has suspended civil liberties for 30 days following the dynamiting of two bridges, acts that the Managua regime blames on U.S. "aggression." With recrimination at this level, and a crucial election scheduled in El Salvador for March 28, not much room is left for maneuver.

Still, Mexico's effort can have an immediate and beneficial result. It can pull combatants apart before they strike irrevocable blows. And it can open space for diplomacy by other countries, notably Venezuela and Costa Rica, removing the odor of unilateralism from Washington's case.

In fact, without Mexican involvement, there can be no Central American policy worthy of the name. Mexican security is vitally at risk when civil war tears the isthmus apart; turbulence in Guatemala laps directly at the Yucatan Peninsula, with its oil fields.

Why, then, has it taken so long for the administration to warm up to Mexico's repeated calls for negotiation? One reason is the belief that Mexico has tried to buy social peace at home by supporting leftist causes elsewhere. Another is the belief that Mexicans don't know, or want to know, the degree

to which guerrilla movements are armed and controlled by Cuba and the Soviet Union. So, says the conventional wisdom followed in Washington, even if Mexico was once a revolutionary country, it is now out of touch.

All of this may be true. If so, what better way for Mexicans to find out the facts than to try their hand as mediators? Let it be noted that the Mexican foreign minister has been listening to Washington's arguments; he now says that Nicaragua's involvement in supplying arms to El Salvador guerrillas "must stop." And that, to Haig, is the most important consideration in any modus vivendi between the United States and Nicaragua.

But, in fact, Mexico's pleas for negotiations are not simply a matter of domestic politics; they spring from a profoundly different perception. Having undergone a revolution more recently than North Americans, Mexicans know better how to talk to revolutionaries. That is hardly unimportant, because in coming months the United States may well need to open new channels to guerrilla leaders in Central America.

The vote in El Salvador may swing that country to the far right, increasing the power of the military at the expense of President Duarte, raising cries of fraud. Something like that has already happened in Guatemala. If the choice is between guerrillas and right-wing repression, Americans are unlikely to give military help to the latter. The ultimate winners would be the totalitarian left.

Mexico's value as a mediator could yet acquire unexpected value to all Americans, North, South and Central.

THE NEW YORK TIMES.

U.S. policy in Central America ought to be based on three elements. The first is support, meaning aid and the encouragement of reform, for friendly and reasonably worthy governments. The second is military nonintervention—the only position likely to bring a U.S. president the requisite domestic leeway and international company, especially Latin company. The third is negotiation. The Reagan administration has not done all that it might on the first two points, but it has been especially deficient on the third.

That is the significance of the latest meeting of the foreign secretaries of Mexico and the United States. It has provided the brightest glimmer to date of U.S. interest in the negotiating track.

To be sure, Mexico is not everyone's idea of a down-the-middle mediator. Its foreign policy often seems designed to appease its domestic left. But with its own great and growing revolutionary potential, Mexico has a plain interest in helping Central America to simmer down. This may explain why President José López Portillo made his move last month. Perceiving that El Salvador's agony cannot be resolved within its borders, he proposed a broad approach. He would ease the United States' overall tensions with Nicaragua and Cuba, and add negotiations to the El Salvador mix.

For the United States, it was always a good idea to work with, not against, the Mexicans. They have a weight and an access in Central America that no administration can match. It was hard to work with the Mexicans, however, while they refused to put on their public agenda the item most troubling the United States: Nicaragua's support of Salvadoran guerrillas. Over the weekend,

Mexico bit this bullet: "This supply of arms must stop," said the foreign minister. The administration responded by authorizing Mexico to convey certain proposals to Nicaragua and Cuba. The United States remains wary of Mexico's effort to open Salvadoran talks, but will reconsider the subject after the elections of March 28.

With the administration having accepted at least two-thirds of the Mexican procedural initiative, the next moves are up to Nicaragua and Cuba. They now have a chance to start showing how well-placed is Mexico's confidence in their readiness for a live-and-let-live regional accommodation.

Is the United States ready? The administration must accept the fact that it, too, is under a burden to demonstrate good faith. It will not be easy. The Sandinistas at least, if not also the more practiced Cubans, are immensely suspicious folks. They may turn out to be so bent by their history and/or ideology as to be beyond accommodation.

Still, the effort is worth making. Thanks to Mexico, Cuba now stands on the verge of the grand negotiation with the United States that it has been demanding for 20-odd years. The Sandinistas have the opportunity to consolidate the humane national revolution that they insist they made in 1979.

The Reagan administration seems a bit confused about its negotiating goals—whether to work closely with the Mexicans on the regional level or draw the Soviets into a global understanding. The latter purpose is too big, too open-ended. The crisis in Central America is not without a Soviet dimension, but Washington would do better to concentrate on the Latin business at hand.

THE WASHINGTON POST.

## March 18: From Our Pages of 75 and 50 Years Ago

### 1907: Shah's Uncle Is Replaced

TEHRAN — The commission appointed to investigate the complaints made by the people of Isfahan against the Zill-us-Sultan has drawn up its report. The Shah has accepted the Zill-us-Sultan's resignation, and has approved the appointment of Nezam-es-Saltanah in his stead. The Zill-us-Sultan, who has been governor of Isfahan, the third city in Persia, for 40 years, is an uncle of the present Shah. Also governor of Khorassan and Azerbaïdhan, he raised and drilled an army, which excited the suspicion of Russia, with the result that he was deprived of his army and much of his power. He excited the animosity of the anti-foreign class by having his sons educated by English and French tutors.

### 1932: Police Raid Nazi Offices

BERLIN — Following charges that Adolf Hitler was concocting an elaborate plot for control of the government by overpowering the Reichswehr and starving Berlin into submission, police have conducted raids on all offices of the Nazi party and on the homes of its leaders throughout Prussia. On orders from the Minister of the Interior, police pounced on the headquarters and branch bureaus of the party, and in Berlin alone 60 raids were made. The Prussian authorities supported their action by the charge that the Hitlerites have been planning a coup d'état for a long time. They accuse them of planning to cut off "red Berlin" from food supplies by throwing an armed force around the city.

# Reagan's Language Is Not Up to These Issues

By James Reston

WASHINGTON — You can always tell when an administration is drifting into serious trouble when the president begins hitting the road, attacking Congress and blaming his problems on the press. It is a sure sign that the first-year political honeymoon is over.

In his latest trip down South, Reagan denounced what he called the "propaganda campaign" of his critics on Capitol Hill, and characterized them as "big spenders" and "parade walkers who march out to denounce the projected deficit on television, and then slip back behind closed doors to bust the budget in their committees."

Complaining of reports in newspapers and on television about the coverage of the war in El Salvador, the president said in an interview with TV Guide magazine, "There has been a kind of editorial slant that has something about the Vietnam syndrome, which challenges what we are doing [in Central America]." He appealed to reporters to "trust us" and "put ourselves in our hands" when dealing with sensitive information which, if published, might embarrass the government.

The response in Congress and the press has not been excessively enthusiastic.

In Montgomery, Ala., Reagan went back to one of his favorite campaign tactics of attacking Washington, as if he were still opposing the government he now represents. "As long as I can cross the Potomac River," he said, "and get out here with the real people, I'll keep the faith."

This line of argument is beginning to spread through the Cabinet and the White House staff. When President Brezhnev proposed to withdraw his medium-range missiles from Eastern Europe if the United States would agree not to put new modern missiles in Western Europe next year, Edwin Meese, the president's counselor, said this was like a football team, ahead 50-0, proposing to freeze the score at that point in the third quarter.

When Meese was asked whether the CIA was using subversive warfare against Nicaragua, which the United States is committed by treaty not to do, he replied that he did not discuss such things.

The point here is not that the administration is wrong to defend its policies strenuously, or to oppose its opponents or its allies when it thinks they are wrong, but whether, needing the support of both, this is the most effective way to do it.

Ronald Reagan is at his very best when he addresses serious subjects in a prepared speech, as he did last November in his first major statement on the control of nuclear weapons. He is at his worst when he reverts to his old campaign style at Republican rallies and tries to substitute his amiable personality, his old familiar anecdotes and partisan ridicule for carefully con-

structed explanations of his policies. This is particularly true on the problem of dealing with the rising mass protests against the nuclear arms race. Actually, the Brezhnev proposal for a nuclear freeze in Europe sounds fine only if you don't think about it. Meese is quite right in suggesting that Brezhnev wants to freeze the present nuclear balance when the Soviet Union is ahead; for even if Moscow withdrew all its medium-range missiles behind the Urals Mountains, it would still be able to hit every European capital from there.

But this subject is so serious and complicated that it has to be explained, and not dismissed by casual remarks in press conferences or on television. In addition to the world economic crisis, it is likely to be the prevailing issue of allied and East-West relations for the rest of the decade.

Anybody who wonders why hundreds of thousands of people have been protesting in the streets of Europe against the nuclear arms race, or why this mass movement is now spreading in the churches and universities and even the town meetings of the United States, should read Jonathan Schell's startling series of articles in recent issues of The New Yorker magazine, soon to be published by Alfred A. Knopf under the title, "The Fate of the Earth."

It addresses a worldwide fear. No government in the free world favors a freeze

on nuclear weapons at the present level of terror, but no government, including the government of the United States, is likely to get consent for present nuclear policies unless it deals with this rising human uproar against them.

This is especially true as opposition grows in the United States to the Reagan military policies, to Secretary of State Alexander Haig's mystifying clarification of Central American policy and to the administration's cuts in taxes, social benefits for the poor and student aid.

A coalition of forces is gathering against the administration, not because of its in spite of the clumsy Democrats. The president is trying to tough it out in the conviction that he is right and the opposition is wrong, even including his old buddies in Big Business, who are no longer laughing much at his jokes. The president is not trying to educate the public on these complicated questions or trying to persuade his critics in Congress and the country. Instead, he is playing confrontational politics at home and abroad and evading the deeper philosophical questions with glib one-liners on television.

The trouble is that this device is not working. It is not reducing the opposition to the president's policies but increasing it, and even Meese agrees in private that the president must and will soon begin to speak out in a different way.

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## Why Be Afraid of Falling Oil Prices?

By Hobart Rowen

WASHINGTON — As oil prices fall, the latest panacea being examined by U.S. government officials and debated in corporate boardrooms is a tax on oil imports, maybe \$5 to \$10 a barrel. This, it is presumed, would stimulate domestic output, encourage conservation and further reduce dependence on imports, especially from the OPEC members.

That is a half-baked idea based on faulty reasoning. Milton Russell of Resources for the Future put it succinctly this way: "The idea that these oil prices going down is bad for us is perverse."

Fear is the basic rationale behind the proposal. Americans are warned that lower oil prices reverse the healthy trend of the past couple of years toward sharply reduced consumption. Car buyers will go back to gas-guzzlers, wasteful practices will be resumed by industry, the search for alternatives to oil will be slowed, and dependence on OPEC will be increased rather than weakened.

Yet most experts agree that there is little OPEC can do to stem the long-run decline in consumption. "The question is not whether the Saudis can hold the price at \$34 or \$32, but whether they can hold it anywhere," says Russell.

Not only is a \$5- or \$10-per-barrel oil import fee unnecessary to defang OPEC, it would reverse the only visible healthy economic trend: the United States' reduced inflationary pressures stemming in good part from lower oil prices. For those looking for an anti-OPEC weapon, a better strategy is to fill the strategic petroleum reserve while oil is cheap.

As economist Alan Greenspan says: "The trend to reduced consumption is irreversible. Lower prices aren't going to trigger a massive increase in fuel consumption. Sure, there will be some increase [as prices drop]. And there will be some increases as economic recovery gets under way. But we are seeing a semi-permanent response [to the earlier big jump in oil prices]."

For example, home owners are not going to pull the insulation out of their houses if fuel oil prices go down. In industry, Greenspan

adds, the major research and development effort launched to cut fuel consumption costs, beginning with the first oil shock, is leading to permanent changes.

Russell agrees with Greenspan. "People are not dumb," he said in an interview. He expects them to "accept the short-term benefits" of soft oil prices. They may opt this summer for a cross-country trip instead of nearby resorts, but the small car is here to stay.

But the import fee backers have other motivations. In part, the proposal reflects a panicky feeling in the domestic energy industry that the soaring price joyride they enjoyed in the 1970s is coming to an end too fast. They fear it jeopardizes investments in new energy ventures based on the expectation of high-priced oil.

Some projects are already stalled. But, as Greenspan suggests, that could be a good thing, saving the investors and the nation "from construction of a long series of white elephants."

Russell believes capital investment decisions are based on long-term probabilities, which down the road still point to expensive energy compared to the 1960s. "But it

may be that it's economically wise to delay some investments that industry thought would pay off earlier, and I think that's both publicly and privately wise."

When you get right down to it, the only "benefit" of an import duty would be the \$40 billion in new revenues from the import duty directly, and from the windfall profits tax on domestic oil, which would be allowed to rise to the duty-fattened import price.

But the costs of such a benefit to the budget deficit would be enormous in other directions. Higher oil prices would have a serious inflationary effect. Because oil costs would be higher in America than in the rest of the world, one more noncompetitive element would be added to American exports, already struggling in world markets.

Worst of all, the oil import fee would deliver a wholly unjustified bonanza to domestic oil producers whose profits would swell, even after the windfall profits tax. Such a multibillion-dollar gift to the domestic oil industry would fatten its purse for an additional burst of questionable industrial takeovers.

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## On the Other Hand, Why Be Afraid of OPEC?

By Robert J. Samuelson

WASHINGTON — Oil prices are falling and OPEC is scrambling to prevent a total collapse. If it cannot, obligatory writers from New York to Tokyo will gleefully proclaim the cartel's demise.

They will be wrong, because the cartel hardly ever existed. But belief in its existence has hampered the West in understanding and adjusting to new oil realities.

To say that OPEC is not an effective cartel is not to say it has had no effect on oil prices. But the main driving forces lie elsewhere, in changed consumption patterns and political upheavals.

Oil-consuming and producing countries have ridden the same roller coaster up and down. The consumers' interest is to get off and to promote stability.

This is impossible so long as

consuming nations continue to think that OPEC alone sets prices. Believing that, consumers relieve themselves of all responsibility to shape world oil supply and demand. They see themselves as victims of an international conspiracy. This is a convenient psychology but poor history and economics.

The huge 1973-74 price increases stemmed essentially from runaway consumption; prices were low, economic growth was rapid and oil supplies were considered limitless. Between 1950 and 1973, non-Communist oil demand more than doubled to 47 million barrels daily; at that pace, it would have approached 75 million barrels a day by 1980, compared with actual use of 50 million barrels. Oil

reserves were not being discovered that fast; large price increases were inevitable — if not in 1973, then soon — to slow consumption and spur exploration for costlier oil.

Now the process is working in reverse. Higher prices (resulting from the Iran-Iraq war) and recession have blunted demand. It dropped from 52 million barrels a day in 1978 to 47 million barrels last year. Britain has cut oil prices by \$5.50 a barrel. The official OPEC price remains at \$34, but some specialists think it might drop as low as \$20 to \$25.

What no one knows is how much of today's downward price pressure is temporary, resulting from a sell-off of excess inventories. Such uncertainty would never

trouble any self-respecting cartel. It would regulate output to control prices. OPEC has never done this. What has given the appearance of a cartel are tight markets, which allowed producers to raise prices. But OPEC's official price increases usually followed, rather than preceded, jumps in "spot" prices.

Any decline that now occurs, though, is clearly a mixed blessing for consuming nations. To be sure, the initial economic consequences would be favorable. Inflation would slow and Western economies might snap out of their slumps more quickly. Likewise, lower prices would help relieve debt-ridden countries of crushing trade deficits and huge debts.

But if they simply stimulated consumption and led to future price increases, any decline would be of short-lived benefit.

The key to price stability lies in a healthy margin between the demand for oil and productive capacity. Increases in demand are met by higher output, not higher prices. In addition, the margin represents modest insurance against political or physical supply disruptions. The margin is now being restored: OPEC production of 20 to 21 million barrels a day is one-third lower than in 1977.

The West's interest lies in maintaining the margin. Until the late 1960s, new oil discoveries sustained it. Because the volume of discoveries has slackened — a reminder that conventional oil supplies are finite — disciplined consumption is now critical.

The upshot is that the industrialized world should treat any price declines gingerly.

Together, the United States, Europe and Japan consume 70 percent of the non-Communist world's oil. Perhaps they might accept a modest price decline (to, say, \$30 a barrel), but beyond that, they ought to insist that consumers by offering offsetting excise taxes. Lower oil prices, they would cut either government deficits or other taxes.

Sharp fluctuations in oil prices are as harmful to political as to economic stability. On the way up, prices promote adventurism abroad; on the way down, they risk toppling governments from inside. The OPEC habit of mind has prompted the idea that determination of oil prices and stability lies mainly in the hands of a sinister cartel. This is a myth that can help to justify paralysis.

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## The Anti-Yankee Premises of the Sandinistas

By Lawrence E. Harrison



CAMBRIDGE, Mass. — The tragedy of the Nicaraguan revolution is that the Sandinistas have come to power with a set of attitudes, shaped by Nicaraguan history and Latin American leftist myths, that are alienating Nicaragua from the United States and driving it down the Cuban path.

In two and a half years the Sandinista revolution has moved steadily away from its commitment to pluralism, a mixed economy and nonalignment. It is not yet Cuba, but it is getting close.

Ironically, the Nicaraguan people are being pushed back into authoritarianism by nine idealistic leaders who, unlike most of their predecessors, are genuinely concerned about the welfare of their people. It is far from clear that this is what most Nicaraguans want. It now appears that there were really two revolutions: one, broadly based, to establish a Western democracy; the other, narrowly based, to establish a Marxist state.

The Sandinistas are convinced that "Yankee imperialism" is at the root of the country's problems; that it is the United States that has created Nicaragua's dictatorships and its oligarchy (even in the 19th century, when the U.S. presence was minimal); that half the Nicaraguan people are illiterate because the United States wants it that way (they choose to ignore the fact that one-third of existing Nicaraguan schools were built by U.S. aid programs).

The United States did not really focus on Nicaragua until late in the 19th century, when Washington first considered it as a site for a canal between the Atlantic and the Pacific. Historically, the United States has imported little from Nicaragua, and its investments there are negligible.

In their search for an explanation of their country's condition, the Sandinistas have taken the easy way out, placing all blame on a foreign devil, the United States. They ignore close parallels between Nicaragua's authoritarian history and that of most Latin American countries — and of Spain. They have embraced Marxism because it provides an intellec-

tual rationale for their emotional sense of national indignity.

The Sandinistas thus belittle Western democracy because they have been taught that it is just a smokescreen for exploitative capitalism. They also learned by firsthand observation that "democracy" as practiced by Somoza was a charade by a greedy and irresponsible family. The discrediting of democracy is the late President Anastasio Somoza Debayle's cruel legacy to his people.

The United States made a genuine effort to build a new relationship with revolutionary Nicaragua. Ambassador Lawrence A. Pezzullo did a brilliant job building bridges between the United States and the Sandinistas. Washington helped Nicaraguans avert food and medicine shortages during the first few months after the revolution and was the principal source of subsequent reconstruction assistance.

But this did little to change the Sandinistas' view of the United States. In the autumn of 1979, Americans in Nicaragua were told by high-level Sandinistas that their anthem was going to be changed to exclude the words "We shall fight against the Yankee, the enemy of humanity." The change was never made. But these and other repeated rhetorical attacks on the United States — along with increasing

abuses of human rights and a foreign policy similar to Cuba's — were the principal causes of Congress' delay in appropriating aid for Nicaraguan reconstruction.

Since the Somoza dynasty came to power in 1937, the United States — particularly Americans with extremist political views — has borne some responsibility for the unfolding tragedy. The U.S. right was taken in by Somoza's thorough knowledge of the United States, by his personal charm and progressive rhetoric. The right ignored Nicaraguan poverty and authoritarian politics, and appointed as ambassador Turner B. Shelton,

who served from 1970 to 1975 and became the symbol of the United States' cozy relations with Somoza. His picture appeared along with Somoza's on the 20-cordoba bill that circulated until recently.

Today the U.S. left has blindly taken up the cause of the Sandinistas, chasing them on toward an authoritarian state, apparently unconcerned about their assaults on human rights. The left does not perceive that these abuses — the same ones denounced during Somoza's rule — are further evidence that the principal roots of Nicaragua's problems are in Nicaragua, not U.S. soil. It is helping to perpetuate a myth that is driving a country with a tragic history toward further tragedy.

The final act of the tragedy may occur several years hence, when some Sandinistas recognize that their diagnosis of Nicaragua's ills was faulty and that their failure to preserve relations with the United States has been enormously costly to independence and dignity. But then, as in Cuba today, it may be too late to turn back.

The writer was director of the Nicaraguan mission of the U.S. Agency for International Development from July, 1979, to July, 1981, and is now a visiting scholar at the Center for International Affairs at Harvard University. He contributed this comment to The New York Times.

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# Growing Soviet Economic Troubles Seen By Some in U.S. as Unusual Policy Lever

## Officials See Chance to Press Kremlin for Concessions

By Hedrick Smith  
New York Times Service

WASHINGTON — Evidence is growing that the Soviet Union is caught in a hard-currency squeeze. This has sharpened debate within the Reagan administration over how vigorously to apply economic pressure in an attempt to force Moscow to ease the repression in Poland and to slow military spending and overseas operations.

Over the last year, government specialists report, Soviet short-term debt to Western banks jumped \$2 billion as Soviet cash reserves in institutions ranging from Deutschebank to Chase Manhattan Bank and Morgan Guaranty Trust fell \$2 billion.

The specialists also calculate that the Soviet trade deficit with the West, widened by huge food imports and falling world oil prices, passed \$3.5 billion last year, double the 1980 deficit.

Under those pressures, the Kremlin has felt compelled to sell an estimated 300 tons of gold, worth about \$3.5 billion, over the last six months. Soviet trading companies have also asked Western and Japanese companies to postpone collection of about \$1 billion in short-term debt.

### Economic Leverage Seen

Moscow's problems have encouraged some administration policy-makers, centered in the Defense Department and the CIA, to believe that the West now has unusual economic leverage to influence Soviet policies.

The policy-makers view the situation in Poland not so much as the focus of policy as an opportunity to marshal support in Western Europe and Japan for an ambitious campaign to press the Kremlin not only to make concessions in Poland, but to make some hard choices on how to use its own resources and perhaps alter Soviet foreign and defense policies.

"Two things have been mixed up," said a senior Defense Department official, who asked not to be quoted by name. "One is the Polish sanctions. The other is a longer-term strategy to ensure the West does not become the source of aid and support for the Soviets to go on spending 13 to 15 percent of gross national product on defense. I think it's a benefit to the West to elevate the guns-versus-butter argument in the Soviet political hierarchy."

More concretely, Fred C. Ikle, undersecretary of defense for policy, urged U.S. banks on March 12 not to give Moscow credit for grain purchases. "Requiring them to pay hard cash will work to limit their ability to maintain the military expansion program they have under way," he said.

Another camp, centered in the State Department and Treasury Department, contends that the Soviet economy is too large, too nearly self-sufficient and too accustomed to belt-tightening in times of stress for the Kremlin to be pressed into concessions on its vital interests or main lines of policy.

This group contends that for all its obvious cash-flow problems, Moscow has well over \$30 billion in gold reserves and hard-currency deposits in the West, more than enough to pay off its total Western debt of \$20 billion. Some officials also recall that Moscow resisted similar Western pressures in the early postwar period, and also recovered from a considerably worse foreign exchange problem in the mid-1970s.

### 'Part of a Strategy'

"Hard" generally refers to those currencies freely convertible among themselves, such as the dollar or the French franc; "soft" currencies such as the ruble are not generally convertible.

The Soviet financial position has deteriorated sharply — but from a very strong base," a State Department official asserted. "What they're doing now is part of a strategy of selling short and buying big to keep flexibility for later on. Don't confuse the idea of their scrambling around because everything has fallen apart, with scrambling around to get all they can not to be bothered. They don't run their economy well in normal times. Now, they'll just run it less well. But they can pull in their horns a lot more if they get into a really tight foreign debt bind."

### Moscow's Achilles Heel

The two groups generally agree, however, that East Europe, especially Poland, is the economic Achilles heel for Moscow. They reason that even if Moscow can meet its own needs, it will not be able to cope simultaneously with the growing credit squeeze on Poland, Romania and other East European countries.

If that persists, as expected, most policy-makers believe, Moscow will eventually have to permit some liberalization in Poland and perhaps elsewhere. The problem for the West in applying economic pressures there, U.S. bankers say, is that the West itself can be hurt economically.

Forcing a Polish default on Western loans is a "very bad strategy," said Leif Olsen, chairman of the economic policy committee at Citibank. "It would have repercussions for the West as much as it would for the Soviet. And I'm not at all sure that it heightens the pressure on the Soviet."

These are some of the indications of Moscow's cash-flow problems cited by government and other experts:

- An increase in the Soviet Union's short-term debt last year to \$15 billion from \$13 billion.
- A drop in the level of Soviet hard-currency reserves in Western banks from \$8.3 billion at the end of 1980 to \$4.5 billion last Sept. 30 and an estimated \$6 billion at year's end.
- The requests to West German and Japanese trading companies to permit delayed repayment of about \$1 billion in short-term debt.

- Moscow's purchase of 2.35 million metric tons of grain from Australia and the United States last month on 90-day to 180-day credits instead of the usual cash payment, but then reportedly being turned down on Friday by 90 U.S. banks when it sought more 180-day credits.
- An increase in the commodity trade deficit with hard-currency countries from \$2.5 billion in 1980 to an estimated \$5.4 billion to \$6 billion last year.

### Major Reason for Deficits

"The Soviet economy is in terrible shape," commented Marshall Goldman, professor of economics at Wellesley College. "The Soviet cash-flow problem is an external manifestation of internal problems. Their grain problem is not just a theoretical exercise. It costs hard currency."

The major reason for the trade deficits was a big jump in Soviet food imports caused by the third consecutive bad grain harvest. These imports jumped from about \$9 billion in 1980 to \$12 billion to \$14 billion last year, a bit more than half of that grain and most of the remainder meat and sugar.

The Polish crisis added a complication: Western experts estimate that the Soviet Union had to underwrite something close to \$1 billion for Polish imports from the hard-currency area, not to mention indirect subsidies of Poland's trade with other Communist countries.

In one respect, Mr. Goldman asserted, the "Soviets are victims of the capitalist business cycle," the downturn in Western economies that contributed to falling world prices for some of its best exports — gold, metals and oil.

Jan Vanous, senior economist at Wharton Economics Forecasting Associates in Washington, estimates that Soviet exports of oil to the West, which account for roughly half the exports that bring in hard currency, earned \$17.2 billion in 1981, down about \$400 million from 1980.

But the loss of energy earnings was partly offset by increased sales of gold and raw materials and strong arms sales to countries such as Libya, Iraq, Algeria and Syria, which paid an estimated \$4.6 billion cash in hard currencies last year, according to Mr. Vanous and government specialists.

"This year, if oil prices fall to \$30 a barrel, the Russians are going to take a real beating in their foreign trade performance," Mr. Vanous said. "It will be quite dismal. They'll be forced to sell more gold — perhaps 450 tons. That would be very high indeed."

Moscow's most worrisome time came in the first half of last year, after heavy grain purchases. By June 30, Soviet hard-currency reserves in the West had declined to \$3.6 billion, a very low figure. But Moscow reaped in the early autumn and even more so in the final quarter of 1981, when export trade is normally strongest.

"There's a pattern to Soviet trade," a State Department official commented. "They buy grain in April-May-June, and that makes them look weak at midyear. And they sell oil in the fall, and that makes them look stronger."

"They're facing another crunch this summer because these new short-term credits will come due and because of a new wave of grain purchases that they will have to make. The official went on. "So the situation has gotten worse, but it's not critical. Far from it."

### Moscow Manages Debt

Despite an overall debt to the West of about \$20 billion and debt-service payments last year of \$2.5 billion, Moscow still has what government specialists regard as a strong credit rating. Its debt is "pennies" in relation to its \$15 trillion economy, a specialist said, and debt service is equivalent to only about 12 percent of its annual trade in hard currencies, a lower ratio than in Canada, for example.

Referring to the trading companies' request to their repayments of short-term credits from suppliers, Mr. Vanous said: "Haggling over little deals here and there is not the usual Russian way. But the Russians still remain a top credit risk. It's the future ability to repay that counts, and the Soviets are sitting on a mountain of national resources for export."

"They could afford to settle all their debts right now," he went on, echoing a view of half a dozen government specialists who asked to remain anonymous.

In addition to \$6 billion in hard-currency deposits in the West, government specialists estimate, Moscow has some deposits in Eastern Europe and Arab countries, plus a gold reserve of 1,800 tons that is worth \$20 billion to \$25 billion, depending on fluctuating gold prices. (Wharton experts put the gold reserve at 2,250 tons.) Annual Soviet gold production is estimated at 300 tons worth \$3 billion to \$3.5 billion.

Moreover, Western Europe's dependency on East-West trade enabled Moscow as recently as last month to obtain credits totaling \$900 million from France, Austria and Sweden, on top of major credits from West Germany for the controversial pipeline that is to bring Soviet natural gas to Western Europe.

Some U.S. officials contend that West German banks have extended Moscow roughly \$6 billion in credits for the pipeline, but that actually only \$4 billion will be needed by the Russians to purchase West German-made equipment.

High Pentagon officials, irked by Bonn's persistence on the pipeline, contend that this would leave Moscow with what one official

termed a "\$2 billion hard-currency float that will help the Soviets see through this period of hard-currency shortages."

"From a purely financial point of view, given the shakiness of the Soviet economy, the massive problems of the Warsaw Pact and reports that the Soviets are requesting delays in repayment of existing loans, I am not sure it is a good business practice to lend to the Soviets," asserted Mr. Ikle. "I do not see how such loans can be in the national interest."

Although the various factions of the administration have agreed to urge other Western nations to restrict credit to Moscow and Warsaw while the Polish repression continues, the natural gas pipeline has become the centerpiece of what some U.S. officials in private call a strategy of economic warfare.

Defense Secretary Caspar W. Weinberger has led the internal battle against the pipeline, supported by William J. Casey, the director of central intelligence. They have been frustrated by the refusal of Western European nations to cancel the project and thus deny the Soviet Union the \$8 billion in annual hard-currency earnings the pipeline could deliver later this decade.

### 'Arming Both Sides'

"We do not have the power to stop them," Mr. Weinberger told a Senate committee early this month. "We can only argue with them."

But denying or reducing Moscow's hard-currency earnings in any significant way, this group believes, would curtail Soviet ability to buy computers, microelectronics and other modern industrial goods from the West to develop a military-industrial complex.

"It will inhibit the rate of development and the capabilities of their weapons systems," a Pentagon official contended. "And it will inhibit their overseas operations wherever they have hard-currency costs — Cubans in Africa, Soviets in South Yemen and possibly Central America, the Arab world, Africa. With our trade, we in the West are in the absurd position of arming both sides."

Even without blocking the pipeline, some Pentagon officials want to delay it to try to disrupt Soviet internal development.

"We can't prevent the delivery of Soviet natural gas to Western Europe," a Pentagon policy-maker conceded, "but we can force a reallocation of the Soviet five-year energy plan — with profound implications for the Soviet economy."

According to this line of reasoning, the Russians could build the export pipeline even if critical Western components were withheld, by diverting resources from one of five domestic lines already planned for construction in 1981-85. This would be slower and more costly, and could curtail the internal flow of energy to Soviet industry. And the Pentagon officials argue that the sluggish performance of the Soviet economy makes it particularly vulnerable.

Many officials at the State, Treasury and Commerce departments disagree with that approach. They say it is impractical because, as Mr. Weinberger conceded, the West Europeans are too far along with the project to give it up, and thus Moscow cannot be denied the eventual hard-currency earnings.

Most fundamentally, they contend it is impossible to disrupt the general flow of East-West trade without having adverse effects on Western European economies, noting that West Germany, France and other nations will benefit from receiving the gas and from the jobs created by manufacturing the pipeline equipment.

Moreover, U.S. intelligence officials estimate that Moscow has sufficient earnings to meet the high-priority needs of its military establishment and that past practice demonstrates that military spending is the last sector to feel any belt-tightening.

"It's highly unlikely that they would make any decisions affecting their vital security interests because of economic pressures," a policy-maker said. Another specialist added, "We have no evidence that defense spending is going to grow at anything less than the 4 or 5 percent of the past few years."

Government specialists report the Soviet leadership has already begun cutting back on

**'There's a big difference between the difficulties the Soviets have and bringing the Soviet economy to its knees. Economies that big don't collapse.'**

internal economic investment, scaling back its original target of 12 percent to 15 percent growth in the first half of the 1980s to 10.4 percent. This means slower growth in an economy chronically plagued by overcentralized management, labor shortages and productivity problems.

Both government specialists and academics such as Mr. Goldman, author of the forthcoming book "The Soviet System: Failure of the Stalintist Model," report that Soviet economic growth last year was sluggish, probably under 2 percent, as it had been in the previous two years.

Not only have the farm harvests been bad, Mr. Goldman said, but "things the Soviets were considered good at — steel production, coal output, automobile production — are at a standstill."

"The figures for January, 1982, production are below those for last year," he went on. "Practically everything is lower except natural gas. That amounts to a recession, and the Soviets aren't used to that."

Western specialists say Moscow is not taking chances on cutting back food imports, despite its foreign-currency squeeze. For although the Soviet population is much more passive politically than the Polish people, food shortages have caused some temporary and scattered work stoppages in the Soviet Union. Mr. Goldman has cited 10 to 15 such incidents

in the last 18 months in such places as Togliatti, the Donetsk coal mines, Kiev, Ordzhonikidze and Tallinn.

For all those difficulties, however, experienced Soviet-watchers such as Mr. Goldman are skeptical that the Soviet economy can be pressed to the point of collapse from outside.

"The Russians have this ability to endure and suffer, particularly when it's made to look as though all the problems come from outside," he said. "They rally round the flag. The Soviet leadership is good at getting them to make sacrifices to combat what they portray as an external threat."

### Burdens of Eastern Europe

"I don't know that you can push the Soviets to the wall that easily with financial pressures," commented Rimmer de Vries, international economist and senior vice president of Morgan Guaranty Bank. "The Soviets don't like to be cornered by financial issues or to change political policies because of financial pressures."

Where Moscow seems most vulnerable, however, is in East Europe, which faces even more severe credit problems than the Soviet Union. "With the Soviet economy standing alone, there is very little we can do," Mr. Vanous said. "But if we lump in Eastern Europe, the picture changes dramatically."

The net debt of Eastern Europe to the West is \$58 billion, roughly four times the net debt of the Soviet Union, even though the East European economies lumped together are less than half the size of the Soviet economy.

The Soviet economy is strong enough, by Mr. Vanous' estimate, to provide a hidden ruble subsidy worth \$20 billion to East Europe, either in the form of trade surpluses or discounted prices for vital oil and gas supplies. For example, government officials believe, the ruble subsidy to Poland's trade last year was worth \$4 billion, because Moscow exported to Poland close to \$6 billion worth of goods but got back less than \$2 billion worth.

The most significant element of the subsidy is the annual export of about 80 million tons of oil to East Europe at bargain prices estimated variously at one-half to one-third of world market prices.

The Kremlin has informed most East European leaders that their oil supplies from the Soviet Union will be cut 10 percent this year, to give Poland an extra 3 million tons and to permit Moscow to sell the other 5 million tons for hard currencies.

The problem is that East European economies are so hard-pressed financially that they will find it hard to compensate by buying oil on the world market. Eventually, specialists here believe, East European leaders will talk Moscow out of the full 10 percent reduction.

"The Soviets cannot afford to create an economic crisis in Eastern Europe, as they learned in Poland," Mr. Vanous observed. "They can squeeze a little bit more, but not much. A credit crunch is already in motion on Eastern Europe. If it continues, we will see a severe economic crisis by mid-1983 in most of the East European countries."

Poland is the most vulnerable. Warsaw had so much trouble last year mustering \$3 billion to pay interest on debts to the West and another \$2.2 billion to pay for hard-currency food imports that it had to ask the West to roll over its debt, and Poland still needed \$1 billion or more in hard currency loans from Moscow, according to U.S. specialists. Poland has just made its interest payments that were due in 1981.

With the suspension of selected Western aid, including last year's \$750 million on easy credit terms for U.S. food shipments, Poland faces even tighter straits this year.

"The financial situation forces the Soviets to think long and hard about the added costs of the Polish repression," a U.S. policy-maker said.

But, another knowledgeable official countered: "The idea of the Soviets assuming the Polish debt burden doesn't make sense. It's just too large for them. Besides, it's money owed to the West, and Western institutions have a stake in keeping Poland alive. The way the Soviets look at it is, the more we do for the Poles, the more we bail out the West. Why should we do that?"

The Pentagon-led faction vigorously advocates letting Poland fall formally into default on its loans, calculating that this will disrupt East-West trade and financial relations generally.

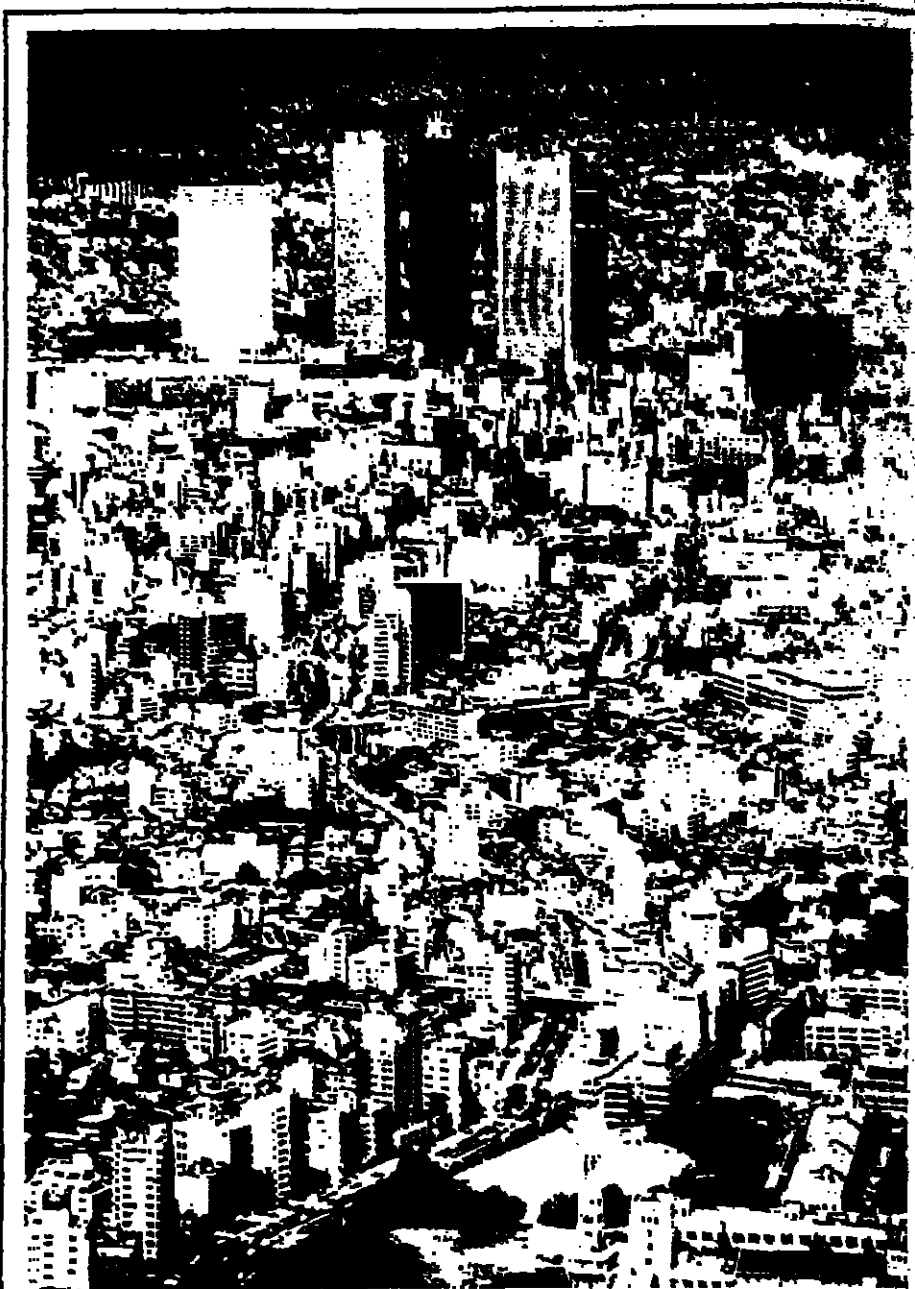
But American bankers such as Mr. Olsen and Mr. de Vries, as well as State, Commerce and Treasury department officials, have opposed this. Their argument is that it will not only jeopardize the chances for ultimate repayment to U.S. banks, but cause a dangerous rift with West Europe, to which East-West trade is vital.

"The critical point is the domino effect," Mr. de Vries observed. "Because of Poland, all the Western banks are becoming more reluctant to give new credit to Eastern Europe. Politics and banking are getting entangled. It's not just Poland — it's the whole shebang."

Moreover, as Mr. Goldman and other long-time students of the Soviet Union note, a clear-cut halt in Western trade and credits would make it easier for the Kremlin to rally the Soviet people to make sacrifices and protect vital policies. It would put the greatest economic and financial burden on East Europe.

"Some government officials and outside specialists contend that it would be more effective merely to continue the current, less-dramatic approach in which Western banks, worried about collecting on their past loans, gradually restrict the flow of new credits to East Europe and slowly tighten the squeeze. The object would be to prod the Polish leaders, and perhaps others, to get Moscow to permit political and economic liberalization in East Europe in return for Western financial help."

"If the Soviets want badly to cut back the cost of empire, they need more efficient economies in Eastern Europe," Mr. Vanous said, echoing a theme of the State-Treasury group. "That means economic decentralization and political liberalization."



Buildings stretch as far as the eye can see in Tokyo.

# Despite Prosperity, Japanese Complain Of Housing Crunch

By Tracy Dahlby  
Washington Post Service

TOKYO — At the elbow bend of the Sumida, the river that flows through Tokyo's eastern flank, lies a neighborhood called "The Garden of a Hundred Flowers" where Sadamitsu Ishii lives with his wife and two teen-age sons.

Mr. Ishii, a history buff, says that in the days of the country's Samurai rulers the area was the haunt of some of Japan's most celebrated men of letters. It was also one of the city's flourishing entertainment districts where the warrior elite and rich townsmen thronged the teahouses to revel in the company of courtesan geishas.

Today, a little over a century later, the charm of that bygone era has vanished and Ishii's neighborhood is a warren of overcrowded, tawdry apartment blocks and ramshackle houses that may fit more the foreign visitor's image of a slum district in a large American city than the capital of this economic superpower of 117 million people.

### Quality of Life

Today, in a country where the overall quality of life is among the world's highest, the average family of four lives in only three rooms, covering an area of roughly 700 square feet.

The housing crunch has touched off an outcry among a growing number of Japanese who complain that the government has in the postwar period pursued policies that have pumped the country's rapidly accumulating wealth into the expansion and upgrading of industry at the expense of better homes.

Meanwhile, critics in the United States and Western Europe have charged that Japan has piled up devastating surpluses with its major trading partners while its leadership has allowed most Japanese to live in what even the Japanese now self-mockingly refer to as "rabbit hutches."

Japanese in the densely populated urban centers put up with housing conditions that are among the worst in the industrialized world.

"Viewed from the outside," said Mr. Ishii, 45, whose yearly income of \$18,000 qualifies him as a member of Japan's burgeoning middle class, "Japan is an economic giant. But if you look at family budgets and housing conditions, many people are just getting by."

### Postwar Dream

The Japanese have scrimped and saved to pursue the postwar dream of owning their own homes. At only about 8 1/2 percent, commercial mortgage rates here are almost ridiculously low compared to those in the United States. But the dream has become an increasingly impossible one in the face of skyrocketing land and construction costs that have nearly quadrupled over the past decade.

In Tokyo, by most standards the world's most expensive city, buying a home remains an outrageously expensive proposition. A square foot of land in one of the city's bustling commercial districts may sell for \$1,500 and a small, cheaply built home in the suburbs cost upward of \$160,000, or nearly eight times the average worker's yearly earnings. A modest, Western-style home that approaches U.S. suburban standards may cost \$750,000 or more.

In the face of strong and mounting trade complaints, editorialists in the Japanese press have recently suggested that the government embark on a belated program to spend significantly more official funds to enhance housing and public recreational facilities.

In theory at least, this would help boost Japan's slumping domestic economy and relieve some of the pressure on exports as the major prop for business activity here. Hampered by huge budgetary deficits, however, Tokyo has committed itself to a new fiscal austerity drive and has resisted pressure to expand government-sponsored housing.

Last year, a decline in workers' real incomes and escalating construction costs resulted in only 1.2 million new housing starts,

the lowest in nearly 15 years. Naoki Nagao, an executive at Tokai Real Estate Co., illustrated the dour outlook in the industry here by pointing to the 20,000 newly built condominium apartments in Tokyo alone which are now vacant, he said, largely because no one can afford to buy them.

In Japan, a string of volcanic islands with a relatively small land area, living space has always been tight because of the rugged mountains and rocky terrain that make only about a quarter of the country fit for human habitation.

In recent years, the government has stepped in to free more land for residential use in such swarming cities as Tokyo by rezoning urban areas to encourage the relocation of factories and farm plots beyond city limits. These efforts have met with only limited success, however, because, Mr. Nagao explained, "landowners don't want to sell their property when they think the value will only climb in the future."

Another recent survey indicates that nearly two-thirds of all Japanese households now own their homes. But as the costs have soared, many younger Japanese have given up on putting money aside to buy homes. Instead, they have begun to fritter away an increasingly larger portion of the country's traditionally high rate of savings on clothes, cars, entertainment and travel.

Step into Mr. Ishii's mansion, or "mansion," as the Japanese euphemistically refer to the typical steel-and-concrete apartment building here, and you will find three tiny rooms, covering an area 18 feet by 18 feet.

### Cramped Quarters

In an alcove near the entrance is a narrow kitchen counter with a two-burner hotplate where Mrs. Ishii does the cooking for her family of four. There is a color television, a miniature washing machine and refrigerator and a host of other high-quality Japanese consumer gadgets crammed into the apartment that gives it the appearance of cramped living quarters on a space station.

There is no central heating or air conditioning and no closet space to speak of. Now that her two teen-age sons are getting bigger, Mrs. Ishii said, "I get the feeling that we're constantly bumping into each other."

Mr. Ishii, who rents the apartment for a little more than \$300 a month, said, "We've already given up on owning our own home. Even if we could buy a new condominium it would cost at least \$100,000 and we'd only have one more room. Who wants to buy a hunk of concrete anyway?"

Mr. Ishii considers himself lucky, though, because it takes him only five minutes to walk to work, an almost unheard-of luxury in a city where the average one-way commuting time on the highly efficient train and subway network is more than an hour.

Last year, Takashi Akino, 39, moved his family of four into a new \$120,000, two-story house he had built in a booming bedroom community a 90-minute train ride from central Tokyo. Spacious by Japanese standards, the house has a floor space of 1,500 square feet with three small bedrooms upstairs, a living-dining area and a tatami-mat room downstairs and a small garden.

### Domestic Dilemma

Yoko, Mr. Akino's wife, said, "building a house was our biggest dream and we never thought we could afford it at our age." They were able to manage it, she said, because her husband, a bank employee, qualified for a nearly interest-free loan from his employer.

Domestic dilemmas are common in Japan's increasingly mobile society, where the strong traditions of the family have begun to waver.

"These days," Mr. Ishii explained, "people are often driven beyond their means to strive for better housing and, in many cases, it's the kids who suffer because some parents are forced to hold down jobs that keep them both out of the home a large part of the day. Like a growing number of their contemporaries, Mr. Ishii said, "we've decided we're not going to do that."







# NYSE Nationwide Trading Closing Prices Mar. 17

Tables include the nationwide prices up to the closing on Wall Street.

## Market Summary

March 17, 1962

### Dow Jones Averages

Index	Close	Change
Dow Jones Industrial Average	8,111.14	+10.14
Dow Jones Transportation Average	1,454.14	+10.14
Dow Jones Utility Average	414.14	+10.14

### Market Diaries

Index	Close	Change
NYSE Composite	1,454.14	+10.14
AMEX Composite	414.14	+10.14

### NYSE Most Actives

Symbol	Close	Change
IBM	164.14	+1.14
GE	124.14	+1.14
AT&T	41.14	+0.14
Westinghouse	31.14	+0.14
General Electric	124.14	+1.14
International Business Machines	164.14	+1.14

### NYSE Index

Index	Close	Change
NYSE Composite	1,454.14	+10.14

### Standard & Poors Index

Index	Close	Change
Standard & Poors 500	1,454.14	+10.14

### AMEX Most Actives

Symbol	Close	Change
AMEX Composite	414.14	+10.14

### AMEX Stock Index

Index	Close	Change
AMEX Composite	414.14	+10.14

### Odd-Lot Trading in N.Y.

Symbol	Close	Change
NYSE Composite	1,454.14	+10.14

### Dow Jones Bond Averages

Index	Close	Change
Dow Jones Bond Average	1,454.14	+10.14

Symbol	High	Low	Open	Close	Change
IBM	164.14	163.14	163.14	164.14	+1.00
GE	124.14	123.14	123.14	124.14	+1.00
AT&T	41.14	40.14	40.14	41.14	+1.00
Westinghouse	31.14	30.14	30.14	31.14	+1.00
General Electric	124.14	123.14	123.14	124.14	+1.00
International Business Machines	164.14	163.14	163.14	164.14	+1.00
IBM	164.14	163.14	163.14	164.14	+1.00
GE	124.14	123.14	123.14	124.14	+1.00
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IBM	164.14	163.14	163.14	164.14	+1.00
GE	124.14	123.14	123.14	124.14	+1.00
AT&T	41.14	40.14	40.14	41.14	+1.00
Westinghouse	31.14	30.14	30.14	31.14	+1.00
General Electric	124.14	123.14	123.14	124.14	+1.00
International Business Machines	164.14	163.14	163.14	164.14	+1.00

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# OPEC's Failure: Its Inability to Operate as a True Cartel

By Douglas Martin

New York Times Service

NEW YORK — As the Organization of Petroleum Exporting Countries prepares to meet in Vienna on Friday, analysts are suggesting that the once-feared alliance of oil-producing countries has lost its preeminent role in setting world oil prices, perhaps irrevocably.

"OPEC may be facing the biggest crisis since it won control of the world oil market," says Daniel Yergin, an energy expert at Harvard University.

Others are even more emphatic. "OPEC is 100 percent dead," William Brown of the Hudson Institute asserts. "There's nothing to save them."

Mr. Brown and similar critics are referring to what OPEC is able to achieve as a would-be cartel, not to the influence of its individual member countries. These producers will continue to pump oil and be well compensated, regardless of the effectiveness of the organization that has bound them since 1960.

## Falling Output, Prices

In essence, OPEC, which is producing less oil than in any year since 1969, is failing in its mission of setting and defending oil prices. The main reason is a sharp drop in petroleum demand that has caused a persistent worldwide oversupply.

This is driving prices substantially below OPEC's official rates, with many analysts now predicting that prices will continue to fall in inflation-adjusted terms for some years. If the OPEC price mechanism, analysts such as Mr. Brown suggest that it could drop to half its current level.

To be sure, there are others who warn against being so quick to count OPEC out. They caution that polit-

cal disruptions in the Middle East could alter the world oil market almost overnight and, with it, OPEC's influence.

But for now, most analysts agree, OPEC confronts sizeable difficulties that are dramatized by the following evidence:

- Largely because of heightened efficiency in the use of energy, worldwide oil production has fallen 17.3 percent from 1979, to 40.2 million barrels a day, according to figures prepared by Manufacturers Hanover Trust Co.

- OPEC countries have seen production fall by 31.1 percent during this period, and they now account for less than half of the production of the non-Communist world, down from 64 percent three years ago.

- The 13 countries, many of which are experiencing severe cash-flow problems because of declining oil sales, are using only three-quarters of their capacity, compared with 97 percent in 1979. OPEC members are under pressure to increase sales, even if that means cutting prices.

The consequences may prove to be a transfer of wealth away from the oil-producing countries and the oil companies back to other areas of the world and national economies. The effect of such a shift, economists suggest, might be a continued easing of the inflation rate and a lift to economic growth because of lower costs.

But it could also set off a return to the sort of energy profligacy that made OPEC's ascent possible in the first place, as well as provide a powerful disincentive for investments in additional energy sources, experts say.

The challenge to OPEC can be defined as its urgent need to limit its output to prop up prices in the face of today's shrunken market. But OPEC has never

been able to agree on overall production levels or how to divide cutbacks among members, much less on how to enforce such a policy.

"OPEC's ability to influence prices has always been tremendously overrated," says Bijan Mossavar-Rahmani, until 1978 an Iranian delegate to OPEC conferences. "Forces very much out of OPEC's control govern oil prices."

In essence, Mr. Mossavar-Rahmani and other analysts argue, market forces and production decisions by one member, Saudi Arabia, have been the major determinants of world oil prices, with OPEC as an organization simply ratifying the results.

Others, however, counter that the very existence of OPEC has exerted upward pressure on prices in periods of tight supply by adding momentum to the psychology of the rising market, and setting a floor price in slack markets.

## Additional Pressure

Now, non-OPEC energy supplies are growing at a 4 percent annual rate, directly supplanting OPEC oil, putting new pressure on official prices in the 13 nations.

For countries that have become accustomed to exponential revenue growth, the effect is painful. Bankers Trust Co. estimates that the surplus (the difference between total income and expenditures) of OPEC members will shrink to \$51 billion this year from \$82.4 billion last year. The budgetary pressures are worse than the figures seem, however. Only four of OPEC's members — Saudi Arabia, the United Arab Emirates, Qatar, and Indonesia — are pumping enough oil to pay all their bills.

The organization's economic problems are intensified by political animosities. Two members, Iran and

Iraq, are at war. Iran has charged that Saudi Arabia has flooded the world with oil in a direct effort to stave off its sales, a charge Saudi officials privately acknowledge contains a measure of truth.

OPEC's greatest success, in the opinion of Sheikh Ahmed Zaki Yamani, Saudi Arabia's oil minister, and many of his colleagues has been to seize control of their own resources from the international oil companies, which as recently as a decade ago virtually dictated production and pricing decisions to the governments of producing countries.

But after raising prices, OPEC has not been able to take the next logical step — regulating production to insure continuing price increases. The price rises of the 1970s made it possible to avoid the production question since everybody was making money.

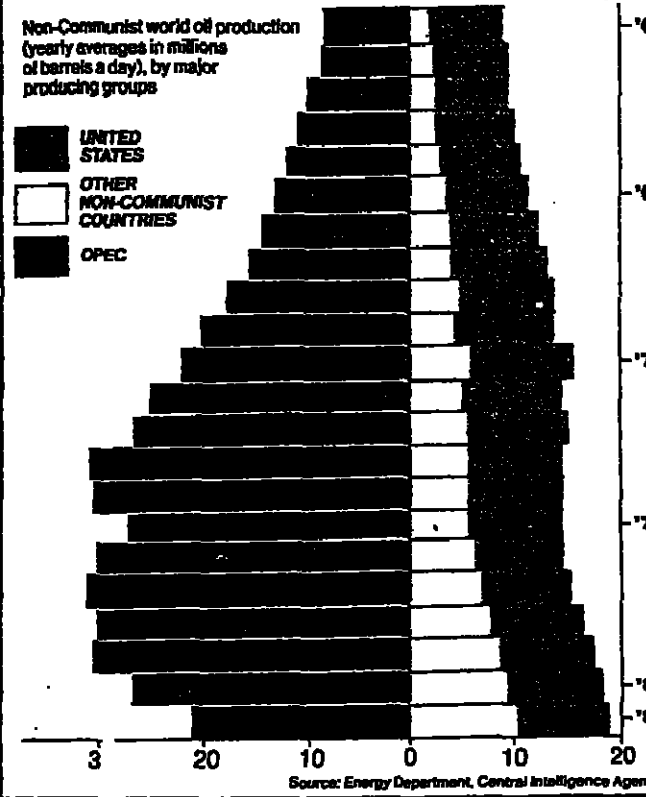
In addition, Saudi Arabia emerged as OPEC's "swing producer," demonstrating a willingness to adjust its enormous output to balance the world market.

Now, more and more analysts are convinced that Saudi Arabia can no longer hold the line by itself. The kingdom's recent move to lower its production ceiling temporarily by a million barrels a day, to 7.5 million, is seen as too little, too late. The current world oversupply is variously estimated at 3 million barrels a day, and Saudi Arabia is thought to be unwilling to attempt to erase it alone.

Thus OPEC is confronted at its coming meeting with its greatest need to coordinate basic policy, rather than simply being seen to do so. The other members of OPEC will press Saudi Arabia to cut production further to support the \$34 base price. The Saudis, in turn, will press others to share the cut, and perhaps also to cut prices.

In a sense, OPEC's survival may hinge on its ability to become the cartel it has never been.

## The Shifting Pattern of World Oil Production



## Commodity Brokers Fight Morgan Bid to Sell Futures

By Kenneth B. Noble

New York Times Service

WASHINGTON — A plan of J.P. Morgan & Co. for the first bank-owned brokerage concern to trade in financial futures has encountered opposition from some commodity brokers who fear that Morgan and other banks may lure away their customers.

Morgan has already set up financial futures operations for the company's own account through its Morgan Futures Corp., a subsidiary formed last May.

The Federal Reserve Board is expected to rule soon on the proposal. If approved, Morgan Futures would act as a futures commission merchant and broker in bullion, foreign exchange and U.S. government securities.

The Futures Industry Association, which represents brokerage firms that trade on the 11 U.S. commodity futures exchanges, has objected to Morgan's plan. Brokers complain that banks would have an unfair competitive advantage over the brokerage industry because banks could offer loans to financial futures customers at favorable terms.

"It's not that the industry doesn't believe in free and open competition," said Howard A. Stotler, a former FIA chairman. "But the banks are the primary supporters of futures commission merchants, and we don't feel that the people who support us financially should be coming in as our chief competitors. It has the aspect of being a monopoly." A futures commission merchant accepts orders from customers to buy and sell futures contracts.

Morgan Futures does not hold positions for itself, but it executes orders primarily for Morgan Guaranty Trust, Morgan's com-

mercial bank unit. If the application is approved by the Fed, Morgan Futures would be able to perform these services for other clients as well.

The interest of banks in becoming financial futures brokers is seen in the industry as a natural extension of their expanding participation in the futures markets that started in Chicago in the 1970s. In addition to Morgan, Bankers Trust has applied recently to offer financial futures services.

"This is a strictly economic decision," said Laurence W. Burger, managing director for Morgan Futures. "We determined that we could execute and clear these contracts for a lower total cost than the bank was paying to outside brokers. Once an institution reaches a certain volume of trading, it can be more cost-effective to broker your own."

## Rapid Growth

In recent years, financial futures have begun to dominate commodity exchanges that had been primarily forums for speculation in farm and industrial commodities.

Some futures industry officials have argued that banks lack the experience to trade in the volatile financial markets.

William A. DeRoone, a financial futures specialist at Staley Commodities in Chicago, said: "I think it's a good idea that the banks are getting in and adding legitimacy to the market, but I think they underestimate the complexities of setting up a commodities shop. It would be one thing if they were to go out and buy a small commodity firm and let them handle all the business, but to get in themselves is a mistake. They have enough difficulty in understanding the banking business."

## U.S. Firms See Japan as Project Site

The Associated Press

NEW YORK — U.S. manufacturing companies are increasing their investment in Japan despite the soft economy and trade friction between the two countries, according to a Conference Board report on foreign investment released Wednesday.

Japan was the site of 27 new projects in 1981, up from 18 the previous year. That compared with 22 investments in France in 1981, 20 in Britain and 18 in Ireland.

"U.S. companies are obviously not waiting for a resolution of trade conflicts between the United States and Japan to attack the Japanese market," said James Greene, executive director of the Conference Board's international business program. "Japan is clearly being viewed as a promising investment site."

The business-sponsored research group said total worldwide investments by U.S. manufacturers fell to 227 in 1981, down slightly from 252 in 1980. Reported dollar figures on the 1981 investments totaled nearly \$13 billion. The Conference Board includes only projects involving 50 percent or more ownership by U.S. parent companies.

It said Western Europe continued to be the most popular investment site, with 47 percent of all U.S. manufacturing investments last year, up from 44 percent in 1980. About 19 percent were in Asia, 20 percent in Canada and 7 percent in Latin America.

Among industries, chemical and allied products accounted for 28.6 percent of the investments, non-electric machinery 15.9 percent and electrical-electronic equipment 12.3 percent.

## Zimbabwe Moves to Take Control of Minerals Marketing

New York Times Service

SALISBURY — Zimbabwe, which for years has depended on U.S., British and South African companies to market its mineral resources, is on the verge of taking over responsibility for the sales.

Parliament is expected to pass a measure soon that would set up a government marketing board to sell all of the country's 40 minerals except gold. Mineral sales account for more than 50 percent of the export earnings. In 1981, minerals brought in more than \$300 million in foreign currency, of which the country is chronically short.

The international and domestic business communities are fearful about the possible effects of the bill, which has been strongly opposed by the white Republican Front minority.

The legislation is viewed as one of Prime Minister Robert Mugabe's first steps in creating a mixed economy, combining his Socialism with the capitalist system he inherited. With passage of the legislation, the government would participate directly in the mining sector by becoming the sole agent for the country's minerals.

The government would have the power to control the size of the companies' stockpiles and therefore indirectly to control their levels of production.

Zimbabwe's mining industry is dominated by Anglo-American Corp. of South Africa, Rio Tinto-Zinc and Lurgi of Britain and Union Carbide of the United States.

States. They have opposed the legislation vociferously.

The government said the legislation was necessary to halt the practice by local subsidiaries of selling the minerals to their parent companies at less than competitive international prices, thereby avoiding export taxes and depriving Zimbabwe of foreign currency.

The Socialist aspect of the legislation is what the minority white members of Parliament have focused on in the debate. Ian Smith, who was Prime Minister under minority rule, attacked the bill, saying he believed the multinational corporations could market the minerals more effectively.

Before black rule 21 months ago, the white Rhodesian government set several precedents concerning the state marketing of commodities. The country's gold production, which amounts to 12 tons annually and makes Zimbabwe the world's seventh-largest producer, is marketed completely by the country's central bank. Ag-

ricultural marketing boards buy all of the country's grain, meat and dairy products at fixed prices and sell them.

And from 1965 to 1980, when international sanctions were in force against the country, the Rhodesian government set up a system, known as Univex, that marketed the country's chrome and lithium.

"Ian Smith had just such a marketing authority, and there were no noises about Univex," said Secretary of Mines Christopher Ushewokunze, who has been working on the mineral legislation for 14 months. He said that the business community's fears of a quick and disastrous government takeover of the sale of the minerals were unfounded.

"We will proceed carefully, step by step, mineral by mineral, as we learn our way," Mr. Ushewokunze said. "We are aware we have a lot to learn. The growth of our marketing will depend on our selling capability. We don't want to lose our international markets. We will continue to involve our producers where they have competitive markets."

Mr. Ushewokunze said that before drafting Zimbabwe's bill he had studied the state mineral marketing agencies of several other countries, such as Zambia, Peru and Zaire. But business critics say that it is just such examples that do not bode well for Zimbabwe's entry into mineral sales.

## U.S. Extends Steel Probe

Reuters

WASHINGTON — Commerce Secretary Malcolm Baldrige Wednesday extended to June 10 from April 6 the deadline for his department to investigate 37 cases in which U.S. steelmakers have charged that foreign steel is being subsidized illegally for sale in the United States.

## French Prices 1% Higher

Reuters

PARIS — French consumer prices rose an estimated 1 percent in February after a similar increase in January, the National Statistics Institute said Wednesday. February's increase left prices 13.9 percent higher than a year earlier.

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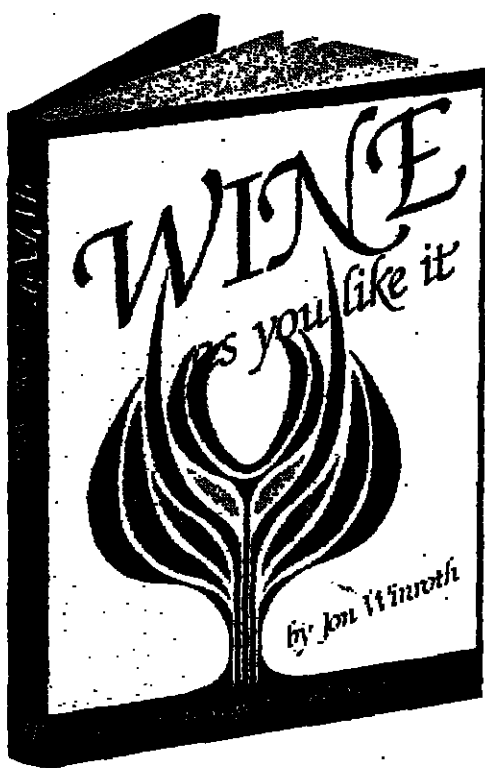
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ORK (AP)— ing list is a	<b>Closing Prices, Mar. 17, 1982</b>	Flashtite Possibly
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[illegible]

## London Commodities

(Prices in sterling per metric ton)  
(Gasoil in U.S. dollars per metric ton)  
March 17, 1962

[illegible]

### Paris Commodities

(Figures in French francs per metric ton)  
March 17, 1982

		(Bid-Asked)		
NGAR				
ay	1,320	1,280	1,610	+ 15
r	N.T.	1,220	1,270	- 10
y	1,270	1,235	1,655	+ 11
z	1,235	1,210	1,234	+ 11
z	1,234	N.T.	1,234	+ 11
z	1,234	1,230	1,230	+ 11
z	1,230	1,230	1,230	+ 10
z	1,230	1,230	1,230	+ 20
741 lots of 50 tons.			Open Interest: 16,003	
NGCOA				
ay	N.T.	N.T.	1,165	- 31
r	1,715	1,190	1,190	- 10
y	N.T.	N.T.	—	1,240
z	N.T.	N.T.	1,270	- 10
z	1,380	1,257	1,300	- 15
z	N.T.	1,330	1,330	- 10
z	N.T.	N.T.	1,345	- 5
13 lots of 10 tons.			Open Interest: 871	

### Cash Prices

**March 17, 1982**

ntos, lb.	1.62
ES	
64-30 38 1/2 yd	0.70
5	
5 (Pnt.), ton	420.00
7, Phila, ton	220.00
No 1 hvy Pnt.	10-91
lb	28-22
cl, lb	7496
s), lb	67651
1, Boak, lb	.46
GE	7.13
	714.76

## New York Futures

Mar. 17, 1982

NE POTATOES	1999	2000	2001	2002
9 lbs./ cents per lb.	7.98	7.95	7.96	7.95
	7.70	7.74	7.64	7.67
	8.80	8.80	8.89	8.89

atoes 199. Prev. sales 263.  
day's open int 2.39, off 110.

FEE C	1999	2000	2001	2002
0 lbs./ cents per lb.	144.00	145.00	142.00	144.00
	131.63	134.49	131.93	132.86
	134.25	127.00	124.25	126.00

## Other Stock Markets

March 17, 1982

(Quoting prices in local currencies)

Amsterdam		Cable		Prev.		Cable		Prev.	
		Class	Prev.			Class	Prev.	Singapore	
Holding	272.00	Amst-Amst Gold	1.51	Amst-Amst Gold	1.51	Bankers	2.55	2.54	2.54
3M	272.00	Barbados-3M	1.51	Barbados-3M	1.51	Discount	2.55	2.55	2.55
6M	272.00	Barbados-6M	1.51	Barbados-6M	1.51	3M	2.55	2.55	2.55
9M	272.00	Barbados-9M	1.51	Barbados-9M	1.51	6M	2.55	2.55	2.55
12M	272.00	Barbados-12M	1.51	Barbados-12M	1.51	9M	2.55	2.55	2.55
15M	272.00	Barbados-15M	1.51	Barbados-15M	1.51	12M	2.55	2.55	2.55
18M	272.00	Barbados-18M	1.51	Barbados-18M	1.51	15M	2.55	2.55	2.55
21M	272.00	Barbados-21M	1.51	Barbados-21M	1.51	18M	2.55	2.55	2.55
24M	272.00	Barbados-24M	1.51	Barbados-24M	1.51	21M	2.55	2.55	2.55
27M	272.00	Barbados-27M	1.51	Barbados-27M	1.51	24M	2.55	2.55	2.55
30M	272.00	Barbados-30M	1.51	Barbados-30M	1.51	27M	2.55	2.55	2.55
33M	272.00	Barbados-33M	1.51	Barbados-33M	1.51	30M	2.55	2.55	2.55
36M	272.00	Barbados-36M	1.51	Barbados-36M	1.51	33M	2.55	2.55	2.55
39M	272.00	Barbados-39M	1.51	Barbados-39M	1.51	36M	2.55	2.55	2.55
42M	272.00	Barbados-42M	1.51	Barbados-42M	1.51	39M	2.55	2.55	2.55
45M	272.00	Barbados-45M	1.51	Barbados-45M	1.51	42M	2.55	2.55	2.55
48M	272.00	Barbados-48M	1.51	Barbados-48M	1.51	45M	2.55	2.55	2.55
51M	272.00	Barbados-51M	1.51	Barbados-51M	1.51	48M	2.55	2.55	2.55
54M	272.00	Barbados-54M	1.51	Barbados-54M	1.51	51M	2.55	2.55	2.55
57M	272.00	Barbados-57M	1.51	Barbados-57M	1.51	54M	2.55	2.55	2.55
60M	272.00	Barbados-60M	1.51	Barbados-60M	1.51	57M	2.55	2.55	2.55
63M	272.00	Barbados-63M	1.51	Barbados-63M	1.51	60M	2.55	2.55	2.55
66M	272.00	Barbados-66M	1.51	Barbados-66M	1.51	63M	2.55	2.55	2.55
69M	272.00	Barbados-69M	1.51	Barbados-69M	1.51	66M	2.55	2.55	2.55
72M	272.00	Barbados-72M	1.51	Barbados-72M	1.51	69M	2.55	2.55	2.55
75M	272.00	Barbados-75M	1.51	Barbados-75M	1.51	72M	2.55	2.55	2.55
78M	272.00	Barbados-78M	1.51	Barbados-78M	1.51	75M	2.55	2.55	2.55
81M	272.00	Barbados-81M	1.51	Barbados-81M	1.51	78M	2.55	2.55	2.55
84M	272.00	Barbados-84M	1.51	Barbados-84M	1.51	81M	2.55	2.55	2.55
87M	272.00	Barbados-87M	1.51	Barbados-87M	1.51	84M	2.55	2.55	2.55
90M	272.00	Barbados-90M	1.51	Barbados-90M	1.51	87M	2.55	2.55	2.55
93M	272.00	Barbados-93M	1.51	Barbados-93M	1.51	90M	2.55	2.55	2.55
96M	272.00	Barbados-96M	1.51	Barbados-96M	1.51	93M	2.55	2.55	2.55
99M	272.00	Barbados-99M	1.51	Barbados-99M	1.51	96M	2.55	2.55	2.55
102M	272.00	Barbados-102M	1.51	Barbados-102M	1.51	99M	2.55	2.55	2.55
105M	272.00	Barbados-105M	1.51	Barbados-105M	1.51	102M	2.55	2.55	2.55
108M	272.00	Barbados-108M	1.51	Barbados-108M	1.51	105M	2.55	2.55	2.55
111M	272.00	Barbados-111M	1.51	Barbados-111M	1.51	108M	2.55	2.55	2.55
114M	272.00	Barbados-114M	1.51	Barbados-114M	1.51	111M	2.55	2.55	2.55
117M	272.00	Barbados-117M	1.51	Barbados-117M	1.51	114M	2.55	2.55	2.55
120M	272.00	Barbados-120M	1.51	Barbados-120M	1.51	117M	2.55	2.55	2.55
123M	272.00	Barbados-123M	1.51	Barbados-123M	1.51	120M	2.55	2.55	2.55
126M	272.00	Barbados-126M	1.51	Barbados-126M	1.51	123M	2.55	2.55	2.55
129M	272.00	Barbados-129M	1.51	Barbados-129M	1.51	126M	2.55	2.55	2.55
132M	272.00	Barbados-132M	1.51	Barbados-132M	1.51	129M	2.55	2.55	2.55
135M	272.00	Barbados-135M	1.51	Barbados-135M	1.51	132M	2.55	2.55	2.55
138M	272.00	Barbados-138M	1.51	Barbados-138M	1.51	135M	2.55	2.55	2.55
141M	272.00	Barbados-141M	1.51	Barbados-141M	1.51	138M	2.55	2.55	2.55
144M	272.00	Barbados-144M	1.51	Barbados-144M	1.51	141M	2.55	2.55	2.55
147M	272.00	Barbados-147M	1.51	Barbados-147M	1.51	144M	2.55	2.55	2.55
150M	272.00	Barbados-150M	1.51	Barbados-150M	1.51	147M	2.55	2.55	2.55
153M	272.00	Barbados-153M	1.51	Barbados-153M	1.51	150M	2.55	2.55	2.55
156M	272.00	Barbados-156M	1.51	Barbados-156M	1.51	153M	2.55	2.55	2.55
159M	272.00	Barbados-159M	1.51	Barbados-159M	1.51	156M	2.55	2.55	2.55
162M	272.00	Barbados-162M	1.51	Barbados-162M	1.51	159M	2.55	2.55	2.55
165M	272.00	Barbados-165M	1.51	Barbados-165M	1.51	162M	2.55	2.55	2.55
168M	272.00	Barbados-168M	1.51	Barbados-168M	1.51	165M	2.55	2.55	2.55
171M	272.00	Barbados-171M	1.51	Barbados-171M	1.51	168M	2.55	2.55	2.55
174M	272.00	Barbados-174M	1.51	Barbados-174M	1.51	171M	2.55	2.55	2.55
177M	272.00	Barbados-177M	1.51	Barbados-177M	1.51	174M	2.55	2.55	2.55
180M	272.00	Barbados-180M	1.51	Barbados-180M	1.51	177M	2.55	2.55	2.55
183M	272.00	Barbados-183M	1.51	Barbados-183M	1.51	180M	2.55	2.55	2.55
186M	272.00	Barbados-186M	1.51	Barbados-186M	1.51	183M	2.55	2.55	2.55
189M	272.00	Barbados-189M	1.51	Barbados-189M	1.51	186M	2.55	2.55	2.55
192M	272.00	Barbados-192M	1.51	Barbados-192M	1.51	189M	2.55	2.55	2.55
195M	272.00	Barbados-195M	1.51	Barbados-195M	1.51	192M	2.55	2.55	2.55
198M	272.00	Barbados-198M	1.51	Barbados-198M	1.51	195M	2.55	2.55	2.55
201M	272.00	Barbados-201M	1.51	Barbados-201M	1.51	198M	2.55	2.55	2.55
204M	272.00	Barbados-204M	1.51	Barbados-204M	1.51	201M	2.55	2.55	2.55
207M	272.00	Barbados-207M	1.51	Barbados-207M	1.51	204M	2.55	2.55	2.55
210M	272.00	Barbados-210M	1.51	Barbados-210M	1.51	207M	2.55	2.55	2.55
213M	272.00	Barbados-213M	1.51	Barbados-213M	1.51	210M	2.55	2.55	2.55
216M	272.00	Barbados-216M	1.51	Barbados-216M	1.51	213M	2.55	2.55	2.55
219M	272.00	Barbados-219M	1.51	Barbados-219M	1.51	216M	2.55	2.55	2.55
222M	272.00	Barbados-222M	1.51	Barbados-222M	1.51	219M	2.55	2.55	2.55
225M	272.00	Barbados-225M	1.51	Barbados-225M	1.51	222M	2.55	2.55	2.55
228M	272.00	Barbados-228M	1.51	Barbados-228M	1.51	225M	2.55	2.55	2.55
231M	272.00	Barbados-231M	1.51	Barbados-231M	1.51	228M	2.55	2.55	2.55
234M	272.00	Barbados-234M	1.51	Barbados-234M	1.51	231M	2.55	2.55	2.55
237M	272.00	Barbados-237M	1.51	Barbados-237M	1.51	234M	2.55	2.55	2.55
240M	272.00	Barbados-240M	1.51	Barbados-240M	1.51	237M	2.55	2.55	2.55
243M	272.00	Barbados-243M	1.51	Barbados-243M	1.51	240M	2.55	2.55	2.55
246M	272.00	Barbados-246M	1.51	Barbados-246M	1.51	243M	2.55	2.55	2.55
249M	272.00	Barbados-249M	1.51	Barbados-249M	1.51	246M	2.55	2.55	2.55
252M	272.00	Barbados-252M	1.51	Barbados-252M	1.51	249M	2.55	2.55	2.55
255M	272.00	Barbados-255M	1.51	Barbados-255M	1.51	252M	2.55	2.55	2.55
258M	272.00	Barbados-258M	1.51	Barbados-258M	1.51	255M	2.55	2.55	2.55
261M	272.00	Barbados-261M	1.51	Barbados-261M	1.51	258M	2.55	2.55	2.55
264M	272.00	Barbados-264M	1.51	Barbados-264M	1.51	261M	2.55	2.55	2.55
267M	272.00	Barbados-267M	1.51	Barbados-267M	1.51	264M	2.55	2.55	2.55
270M	272.00	Barbados-270M	1.51	Barbados-270M	1.51	267M	2.55	2.55	2.55
273M	272.00	Barbados-273M	1.51	Barbados-273M	1.51	270M	2.55	2.55	2.55
276M	272.00	Barbados-276M	1.51	Barbados-276M	1.51	273M	2.55	2.55	2.55
279M	272.00	Barbados-279M	1.51	Barbados-279M	1.51	276M	2.55	2.55	2.55
282M	272.00	Barbados-282M	1.51	Barbados-282M	1.51	279M	2.55	2.55	2.55
285M	272.00	Barbados-285M	1.51	Barbados-285M	1.51	282M	2.55	2.55	2.55
288M	272.00	Barbados-288M	1.51	Barbados-288M	1.51	285M	2.55	2.55	2.55
291M	272.00	Barbados-291M	1.51	Barbados-291M	1.51	288M	2.55	2.55	2.55
294M	272.00	Barbados-294M	1.51	Barbados-294M	1.51	291M	2.55	2.55	2.55
297M	272.00	Barbados-297M	1.51	Barbados-297M	1.51	294M	2.55	2.55	2.55
300M	272.00	Barbados-300M	1.51	Barbados-300M	1.51	297M	2.55	2.55	2.55
303M	272.00	Barbados-303M	1.51	Barbados-303M	1.51	300M	2.55	2.55	2.55
306M	272.00	Barbados-306M	1.51	Barbados-306M	1.51	303M	2.55	2.55	2.55
309M	272.00	Barbados-309M	1.51	Barbados-309M	1.51	306M	2.55	2.55	2.55
312M	272.00	Barbados-312M	1.51	Barbados-312M	1.51	309M	2.55	2.55	2.55
315M	272.00	Barbados-315M	1.51	Barbados-315M	1.51	312M	2.55	2.55	2.55
318M	272.00	Barbados-318M	1.51	Barbados-318M	1.51	315M	2.55	2.55	2.55
321M	272.00	Barbados-321M	1.51	Barbados-321M	1.51	318M	2.55	2.55	2.55
324M	272.00	Barbados-324M	1.51	Barbados-324M	1.51	321M	2.55	2.55	2.55
327M	272.00	Barbados-327M	1.51	Barbados-327M	1.51	324M	2.55	2.55	2.55
330M	272.00	Barbados-330M	1.51	Barbados-330M	1.51	327M	2.55	2.55	2.55
333M	272.00	Barbados-333M	1.51	Barbados-333M	1.51	330M	2.55	2.55	2.55
336M	272.00	Barbados-336M	1.51	Barbados-336M	1.51	333M	2.55	2.55	2.55
339M	272.00	Barbados-339M	1.51	Barbados-339M	1.51	336M	2.55	2.55	2.55
342M	272.00	Barbados-342M	1.51	Barbados-342M	1.51	339M	2.55	2.55	2.55
345M	272.00	Barbados-345M	1.51	Barbados-345M	1.51	342M	2.55	2.55	2.55
348M	272.00	Barbados-348M	1.51	Barbados-348M	1.51	345M	2.55	2.55	2.55
351M	272.00	Barbados-351M	1.51	Barbados-351M	1.51	348M	2.55	2.55	







Tables include *u'* *Maleska*

[illegible]

heart winners, but found that East could ruff too soon. When the third round of hearts was ruffed, there was no way to make more than nine tricks.

South found a better solution. She took only one round of trumps and then led hearts from the dummy. As

♥K  
♦10962  
♣J

East and West were vulnerable. The bidding:

West	North	East	South
Pass	Pass	Pass	1♠







## Art Buchwald

## The Jupiter Effect

LOS ANGELES — As many people may have been aware of the end of the world was to have taken place Wednesday, March 10. The prediction was based on the so-called "Jupiter Effect," when all the planets lined up on one side of the sun and were supposed to cause earthquakes and volcano eruptions.

I happened to be in Los Angeles on March 10, which is the best place to be if the world is going to come to an end, because Southern Californians seem to take things like this more in stride than any people I know. All the stuff about them being laid back does happen to be true.

On the morning of March 10, I started making my farewell telephone calls to dear friends. I called up Newcombe first:

"Well, Newcombe, I guess you know what day this is."

"Wednesday?" he said, taking a wild guess.

## Enthusiasm Curbs Debut of Western Rock in Peking

PEKING — The first Western rock music bands to play in China were signaled to stop in mid-concert when a few hundred enthusiastic young listeners rushed to the edge of the stage and sang and danced, a member of the concert group said Tuesday.

Theater officials tried to bring down the curtain and the bands took the hint, ended the concert and said "we have to go" to the capacity audience of 1,800, said John Moore of Summit Productions of Honolulu.

The first concert was played Saturday and at the second, on Monday, uniformed security men stood by and nobody got out of their seats, he added.

"It was never out of control at all," Moore said of the enthusiasm after the first concert by the Spyz of Sydney, Australia, and Morning Sun, a California group.

"It's the day the world is coming to an end."

"You mean the L.A. Dodgers have signed Fernando Valenzuela yet?"

"It's worse than that. We can expect a Jupiter Effect and we're all going to be swallowed into the ground."

"That happened to me a couple of months ago during a mudslide at my house. I was sucked in right where my Jacuzzi was. But it always sounds much worse than it is. The trick is to take a deep breath and fight your way to the top of the mound."

"Goodbye, Rick. You made my stay on earth worthwhile."

My next call was to Bernheim: "Alvin," I said, "I called to say au revoir."

"What do you mean, au revoir?" he said. "We're giving a dinner for you Sunday night."

"There is no Sunday night. The world is going to end today."

"What about the caterer? He's already ordered the avocado dip and potato chips."

"I'm sorry you went to all that trouble, but our fate is in the stars. The planets are against us."

"You want me to tell that to a Los Angeles caterer?"

"Don't tell him anything. When the earthquake comes, he'll disappear with his avocado dip and never be the wiser."

I then called my next friend, Angie Dickinson:

"Angie," I said, "today's the end of the world. Would you like to come over to the hotel for a final drink?"

"Oh, my God. I'm glad you called. I read about it yesterday and made a 3 o'clock appointment with my hairdresser."

Before I could make the next call, the phone rang.

"My name is Peterson and I'm with the B&H Real Estate Company. As you know the world is going to come to an end today so I'm happy to announce one of my clients in the San Fernando Valley is willing to sacrifice his \$6-million, two-bedroom ranch house for \$5 million."

"Suppose the world comes to an end before I get to look at the house?"

"Then the \$5-million asking price will be negotiable."

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By Lon Tuck

WASHINGTON — The resume of the 86-year-old composer/astrologer Dane Rudhyar is a clutter of incongruities. There is his book "Claude Debussy et son oeuvre," which he wrote at 18 while he was a student at the Paris Conservatoire. Then there is his honorary doctorate from the "California Institute of Transpersonal Psychology." And there is his music.

Rudhyar is a tall, slightly frail man with quick, darting eyes, whose Parisian accent remains from the turn of the century. He talks like a walking encyclopedia of that period. He was there on that night in 1913 when the premiere of Stravinsky's "Le Sacre du Printemps" and the uproar that accompanied it, and the musical history. For the triumphal repeat the next year he was also there, sitting behind Debussy.

He also talks with authority on

## The Composer/Astrologer

Dane Rudhyar Charts Course Between Music and the Spheres

an unrelated and very current subject, astrology.

Rudhyar, who now lives in California, was born to be honored in the Kennedy Center's American Portraits concert series, at which works of his were played. It is a distinction that he shares this season with such octogenarian colleagues as Aaron Copland and Roger Sessions.

But if there is no one in music who does not know the works of Copland, and if there are few who do not know at least the name of Sessions, you can be pardoned if you do not know the name of Rudhyar. Very few musicians do.

One reason for this obscurity

is that he composed little between his 30s and his late 60s, the years that produced virtually all the major works of Copland, for instance. During those years the hard facts of making a good living led Rudhyar to seek success — and, in fact, celebrity — in the medium of astrology.

Thirty-five books of his writings have been printed, most of them in several languages, and 20 of them deal with the "psychological reformulation of astrology."

"Humanistic" Rudhyar is described by Rita Francomano, president of the Maryland National Council on Geocosmic Research, as "probably the most highly respected astrologer alive in America today."

He is highly regarded by all branches of astrology. He is a humanistic astrologer, which is hard for me to paraphrase because that is several levels above me.

It is, in part, Rudhyar's current popularity among the young as an astrologer that is helping raise his music, at long last, from obscurity.

"It was the early '60s and I had pretty well forgotten most of it myself," he said. "We were living out near Santa Fe and somebody wrote me from New York that your young people were playing my 'Granitas.' "Granitas" is a nine-minute piano piece from 1929 that sounds like a quite distant relation of the piano pieces of the Russian Alexander Scriabin, who shared Rudhyar's fascination with Oriental philosophy and music. It is one of his two or three best known works, and foreshadowed the use of tone clusters.

The young pianist turned out to be the highly regarded William Masselos. "We found out that he would be coming to Albuquerque for a concert, and that he would be playing 'Granitas,'" recalled Rudhyar. "After the concert we took him to our home for the night. And he said, 'You should come to New York. Everybody wants to know who you are. They have read you on astrology. And then I play your music, and they look puzzled and say, 'Do

you mean that he is a composer?"

Rudhyar was born in Paris in 1895 as Daniel Chastaniere, and was much swept up in the cultural winds of the time. The first night of "Sacre" was just one of several epic premieres he recalls.

"There was also Ravel's 'Daphnis,' but I missed the introduction of Debussy's 'The Martyrdom of St. Sebastian' because my father died."

Asked if the first night of "Sacre" was as riotous as legend decrees, Rudhyar replied with a firm, "It certainly was. Paris was primed for such an event. Stravinsky had already made great impressions with 'Firebird' and 'Petushka' and the Diaghilev company was the acme of European culture. And partly it was just the times. Things were extremely stifled. It seemed as if everybody in Paris had a bath in gold and black during that period. I remember running into one of the Paris critics on a bus some days before the performance. He said he had heard something extraordinary was being rehearsed at the Theatre des Champs-Elysees. And the word got around."

"But when the night came, I think it was the dance, not the music, that created the riot. You have to remember that these people were accustomed to Russian ballet of the most sumptuous sort. And then on the stage were these people in very bare costumes. Nijinsky had become fascinated with primitive things. So the first trouble came when people began to laugh at the dancers. Then some people began to shout about the shrillness of the music. Then the students in the top tier began to shout back. Other people became indignant and got up and left. But Pierre Monteux (the conductor) pressed ahead. For a while things became calmer, but then came the end. The figures were virtually in the dark. The girl was dancing in one spot, in that wild motion. Gradually the men gathered around her, brought her up on their arms, and killed her. Then the hooting mixed with the applause for a long time."

"That was May 29, 1913. One

Sunday the next spring, Monteux conducted again, in a concert performance, and it was at the Folies-Bergere, of all places. It was really very funny. I was sitting very close to Debussy and I will never forget the puzzled look on his face at the end, as if to say 'What is this? It was a great triumph for Stravinsky. Nothing that Debussy wrote had ever had such a reception.'

Rudhyar left Paris with the war and came to New York. And for the next 15 years he concentrated on composing. He moved to California in 1919 and became a citizen in 1926 under his Hindu name, Rudhyar. He was a leading contributor to Henry Cowell's New Music Quarterly (which, said Rudhyar, was mostly financed by Charles Ives) and through Cowell that Rudhyar got to know Ives' musical inclination was little known in those days, when he pursued his normal life as an insurance tycoon.

Recollections of Ives "I knew that he had financed much of the new music and one day I went to his house on the Upper East Side with Cowell. It was during the Depression and he wanted to keep his copyist in work so he paid for the printing of my six-minute piece. I was being warned that I had to be very restrained around Mr. Ives because he had a bad heart. Well, the first time I went there, he said follow me up to the fifth floor and we raced up the steps and then he started playing the piano with much gusto."

"He was a very charming man, very intense in his likes, very emotional. From what I saw of him, the idea of Charles Ives of Wall Street seemed totally incongruous. He was a typical wild artist."

Soon afterward, though, Rudhyar had to give up composing. "I had no money and I had become married. I couldn't get any grants to compose. I was interested in Jung and studied astrology. And I decided that psychology and astrology were complementary disciplines. Astrology has all the basic patterns but no detail. And psychology has all the detail and no basic patterns. I started writing regularly for Astrology Today and by 1936 I had written my book, 'Astrology of Personality.' It is still selling well, and is in several translations. Before long I had written 100,000 articles and it went on for 40 years."

## PEOPLE:

Elgin Marbles Return Is Sought by Greece

Greek Culture Minister Melina Mercouri said the Elgin Marbles removed from the Acropolis almost two centuries ago and now in the British Museum should be returned to Greece. "This is an integral part of the Acropolis which is the symbol of Greece and definitely should be returned," she told the Foreign Press Association of Greece. "I would be happy if the government decided to launch an international campaign to bring them back," she added. The marbles, named after Lord Elgin, who bought them in 1803 when he was British ambassador to the Ottoman sultan, include some of the finest sculptures of classical antiquity. At a House of Lords debate last month it was argued the sculptures are safer in the British Museum than exposed to the polluted atmosphere in Athens. "Lord Elgin was hardly thinking of their safety when he exploited the corrupt Ottoman system to acquire them," Mercouri said.

Princess Grace of Monaco says she has no plans to return to a career in the movies, but she vowed an audience at Chateau d'Esplanade, where she will give a performance of poetry and prose readings. The princess made one of her rare returns to show business to help celebrate the Chateau Festival Theatre's 21st anniversary. . . . Sammy Davis Jr., says his current European tour is his last. But Davis, appearing in Hamburg, adds this was not a last farewell. "I'll certainly come over again for single appearances, but I will not impose a 60-year-old Sammy Davis Jr. in the stress of a tour, on my public," he told the Hamburg newspaper Abendblatt. "And I wouldn't impose it on myself either. I am now 56 and I have been on the stage for 52 years. I want to have more time for my wife and children. And for my dogs so they don't bite me as they do now when I return home for a few days after weeks away. . . . Ann-Margret, who left Sweden at the age of 5, came home as a star entertainer and scored a triumph in Stockholm with six performances of her two-hour cabaret show. "You knocked us over," Ann-Margret. You are a winner," exclaimed the daily Expressen. Refusing to come back, she left to open her show tonight at Chateau's Palace in Las Vegas.



Dane Rudhyar

Vivian Brown Hillier

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